

## Monitoring of regional labour markets in European states

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*Christa Larsen, Waldemar Mathejczyk, Alfons Schmid (Eds.):*  
**Monitoring of Regional Labour Markets in European States**

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Regional factors are important for the economy and employment in highly competitive, international markets. As a precondition for the functioning of regional labour markets, adequate information has to be generated and transformed into new knowledge – for all actors involved.

Regional Labour Market Monitoring can be seen as an approach to meet these requirements. A variety of projects in this area have been set up in several European countries. Their common purpose is to develop and implement sets of indicators to measure the current regional labour market and to provide information over its development into the future. Both the regional labour force and business enjoy the benefits from this activity.

This anthology gives an idea of the diversity of European approaches to monitoring of regional labour markets. It renders different concepts and instruments representing the region in which they are used.

**Key words:** Labour Market, Monitoring, Regional Economy, Information

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Christa Larsen  
Waldemar Mathejczyk  
Alfons Schmid  
(Eds.)

# Monitoring of Regional Labour Markets in European States

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## Foreword of the Editors

Regions have become increasingly important in the European context for the competitiveness of businesses and labour. In this context functional regional labour markets and efficient regional labour market policies constitute a key competitiveness factor. The basic prerequisites for these are adequate information and in-depth knowledge for regional actors in the labour market. One instrument that generates and disseminates such information and knowledge is Regional Labour Market Monitoring.

During the conference “Monitoring of Regional Labour Markets in Europe”, which took place in March 2006 in Frankfurt am Main, ideas and approaches of Regional Labour Market Monitoring from various European states were presented. Most of the presentations, supplemented by a number of further contributions, are gathered in this volume for publication. We expressly thank the authors for their contributions.

The conference and this book together represent the beginning of the discourse and activities in the European network of Regional Labour Market Monitoring, which came into existence in March 2006. In this network there are currently about 80 institutions in 18 European countries, all connected to each other in a process of “mutual learning”. The focus of this learning is on systematic exchange of experiences in the area of Regional Labour Market Monitoring as well as on further transnational development of ideas.

We would like hereby to thank the Hans-Böckler-Stiftung (Hans-Böckler-Foundation) and the Sparkassen- und Giroverband Hessen-Thüringen (Savings and Credit Union of Hessen-Thüringen), without whose support the European conference and the book that grew out of it would not have come into being.

Last but not least we give our special thanks to the Minister President of Hessen Mr. Roland Koch, under whose patronage the conference “Monitoring of Regional Labour Markets in Europe” took place.

*Christa Larsen*

*Waldemar Mathejczyk*

*Alfons Schmid*

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## **Message of Greetings from the Minister President of Hessen**

The lasting economical development of our state as well as the stable preservation and creation of jobs are among the principle objectives of the Hessen State Government. In order to carry out these objectives as successfully as possible, we need the support of science. Politics depends on competent scientific advice; it gives the impetus for new ideas and ways. Therefore I gladly took over the patronage for the congress “Monitoring of Regional Labour Markets in European States”, the results of which are presented here in book-form.

In Hessen we pursue a very successful location policy. But due to the strong integration into the national and worldwide division of labour, even a state such as Hessen can only limitedly disconnect itself from developments on the national or European level. Important political decisions, those that define the basic conditions for the economy, are made in Berlin or Brussels. The challenges of globalisation also affect the development potentialities of businesses here in Hessen – and with that the development of the regional labour market. We stand before enormous economic challenges – but also great prospects. We need therefore fundamental reforms at the location Germany, so that the growth forces can develop optimally. For example, we need a clear line for a thorough dismantling of bureaucracy, for more flexibility on the labour market and for an internationally competitive fiscal system. In Hessen we have achieved a great deal in this regard: With the Hessian option model for the local support of the long-term unemployed we have reached the leading position in all of Germany.

Striking new paths is troublesome and strenuous. An act of strength of all involved is necessary. But this effort must be worth it to us. We in Hessen have broken new ground and have designed and implemented new concepts that have since been taken on by other states or even nationwide. This success spurs us on to continue looking for new ways to secure the sustainability of Hessen lastingly and expand our position in the center of Europe.

The congress “Monitoring of Regional Labour Markets in European States” ranked among the professional high-classed scientific events that took place at the universities in Hessen. It offered the participants an excellent opportunity to exchange experiences, maintain contacts, receive information about research progress and plan mutual projects. A fruitful process for creating a lasting international network was initiated. Based on this congress, the book at hand was publicised. Fundamental thoughts of this congress are consolidated in this book; they are permanently secured and accessible to all. May this book contribute to scientific progress and extend the options of science to accompany politics, the economy and society.

*Roland Koch*

**Minister President of Hessen**

Frankfurt am Main / Germany

## **Address of the European Representation of the German Federal Employment Agency in Brussels**

The average yearly unemployment rate in Europe (EU 25) was nearly 9 % and in the last decade the labour market situation in Europe has not changed very much. But in spite of the moderate average in Europe, there are still some regions with an unemployment rate of 30% and more. On the other hand there are countries which have full employment. Supply and demand in Europe's labour markets is far from being balanced.

More urgent action from economists, politicians and employment services is required. For example, new concepts are needed to tackle challenges like globalisation, demography and the dynamism of the economy to encourage reasonable levels of employment back into Europe.

Sufficient information and transparency are critical factors for the functioning of the labour market; exchanges of ideas and experiences act as drivers for its positive development. Monitoring of regional labour markets in Europe could be a useful tool to drive better results on the labour market.

But has not monitoring of the labour market situation been the task of all relevant stakeholders in the past? Do we really need a new approach for the monitoring of regional labour markets in Europe?

The monitoring of regional labour markets in Europe has long been the interest, more or less exclusively, of insiders. Before 1990, even within the European Union, labour market monitoring was limited to the national level. Systematic monitoring was not to be seen. The *Institute for Labour Market Research* of the German Employment Agency began its research on mobility and migration of workers as well as comparisons of employment services in Europe very early on. The work led to very fruitful results that were helpful in developing reforms in the employment services and establishing relevant benchmarking. But again, the monitoring of the labour markets was limited to such issues as organisation, labour market instruments for target groups and migration.

With the opening of the eastern borders, the governments of the "old" member states launched bilateral support for the reform and organisation of the eastern European employment services. This became more powerful when the EU launched its twinning program as support for the pre-accession phases. But also in this phase labour market monitoring was not at the centre of efforts.

At least with the implementation of the European employment strategy labour market issues took on a European dimension. For employers it became usual to employ personnel from abroad and for job seekers to look for jobs throughout Europe. Although the European Union has implemented *EURES* (European Employment Services), a European wide network for placement, the mobility of workers remains rather low, around 2 %. Mobility can help to decrease unemployment in Europe. To improve mobility in Europe and to give a positive example in tackling unemployment, the EU Commission has launched 2006 as the *European Year of Workers' Mobility*.

But increased mobility depends of the availability of the right information for job seekers and employers. The monitoring of regional labour markets in Europe is urgently needed to fill in gaps of that information and ensure the proper functioning of the labour market exchange throughout Europe. Systematic and scientific monitoring of the regional labour markets in Europe is really needed.

This book offers numerous scientific essays that look at the issue of monitoring. To begin, the editors present an overview of the problems. Authors from almost all of the European Member States then give examples in the field of regional labour market activities. The book offers profound ideas for further perspectives and further development in European countries. Labour market needs are changing along with the changing economy driving them. In this respect, monitoring of labour markets must be a dynamic process that constantly seeks to link to the realities of the economy and regional developments.

The launching of a European wide labour market monitoring network comprising researchers from nearly all of the European countries provides the necessary resources to keep the monitoring up to date and useful for both employers and job seekers that make up the labour markets. It could also be a valuable tool for economic decisions for entrepreneurs.

In this respect I wish the European Network on Regional Labour Market Monitoring success and sustainability in the exchange of concepts and experiences. The Regional Labour Market Monitoring will gain a new quality and importance for scientists and labour market stakeholders.

*Kurt Berlinger*

**Director of the European Representation  
of the German Federal Employment Agency**

Brussels / Belgium

## **Address of the Sparkassen- und Giroverband Hessen-Thüringen**

Europe keeps on growing. In 2004 ten new member states joined the European Union, Romania and Bulgaria will follow in 2007. But even though fundamental economic conditions are converging and despite the existence of a single European currency, structural inequalities amongst the individual member states still persist. Moreover, competition on globalised markets is taking place between regions and across national boundaries.

In Germany, too, business locations are diversifying and developing with varying pace. Regional labour markets in particular are an excellent indicator for spatial disparities. The Rhine-Main region – with the large city of Frankfurt – is considered one of the most productive European commercial and financial centres and as such requires a diversified supply of highly qualified labour. The 2005 Anthology “Regionales Arbeitsmarktmonitoring – Ansätze, Konzepte und Entwicklungen in Deutschland” of the Institute for Economics, Labour and Culture (IWAK) however reveals that dysfunctionalities in training, schooling or recruiting appear even in such highly dynamic and innovative regions.

Regional Labour Market Monitoring collects the relevant labour market data by means of different statistical data collection procedures. This facilitates both the comprehensive understanding of how labour markets develop and function and the drafting of concrete proposals dealing with the core issues of regional labour market policy. The comparison of the survey data on the European business regions provides an opportunity to identify current sector trends, workforce requirements or mismatching problems early on and at European level. A long-term, comprehensive collection of specific regional labour market data coupled with an inter-regional data analysis offers the opportunity of identifying development trends in a European context.

Sparkassen-Finanzgruppe Hessen-Thüringen highly appreciates the efforts made by the Institute for Economics, Labour and Culture (IWAK) and the Johann Wolfgang Goethe University in Frankfurt, to continue the approach taken with their 2005 Anthology at European level. The institute has thus already anticipated the future importance of the factor of inter-regional business competition and is making a valuable contribution to defend the competitiveness of the various regions.

Being a regionally based financial services group, Sparkassen-Finanzgruppe Hessen-Thüringen strongly welcomes the efforts made to better organise the distribution of labour among different business locations. This will benefit both local small to medium-sized enterprises and the local working population. And this process will be particularly appreciated and supported by our members – the local German savings banks.

Scientific cooperation on projects in neighbouring countries and the exchange of experience, know-how and expertise that go with it is always sensible in this time of continuing globalisation. In this respect, the present anthology is a logical sequel to the basic ideas expressed in 2005.

I wish all readers of the anthology enjoyable and exciting reading. I am also looking forward to contributions inspiring the scientific discussion to bring about the practical implementation of the monitoring concepts that have been introduced.

*Gregor Böhmer*

**Executive President of Sparkassen- und Giroverband Hessen-Thüringen**

Frankfurt am Main / Germany

## **Address of the Hans Böckler Foundation**

Regional factors are crucial for the position of enterprises and employees in highly competitive and turbulent markets. A major precondition for the functioning of regional labour markets is adequate information for all actors involved. Respective data have to be current, future-related, fitting the needs of both actors and decision-makers. Regional Labour Market Monitoring as an on-going practice can be seen as an approach to meet these requirements.

There is a need for a process of reform to increase the labour market economy for innovation and adjustment. However, it is not clear what path towards modernisation a reform policy will lead to.

The Hans Böckler Foundation (Hans-Böckler-Stiftung) – the arm of the German Federation of Trade Unions (DGB) concerned with promoting codetermination, research and studies – wishes to contribute to an improvement in the social position of employees and job seekers by means of its various activities and services. The key objective of the foundation's work is to play a part in ensuring that paid work is organised in a humane and democratic way whilst ensuring equality of opportunity.

In order that scientific findings and proposals for problem-solving can be fed into policy and implemented in practice, the Hans Böckler Foundation attaches great importance to the transfer of research findings in its promotion of research. Project advisory committees, workshops, conferences, brochures on practice, and press releases are some of the tools used by the Hans Böckler Foundation to achieve active transfer of its findings.

Research projects relating to regional policy are of particular importance for the Hans Böckler Foundation. Research promotion is concentrated on projects, which examine how regional development processes and their outcomes are controlled. Special attention is paid to regions that are lagging behind, in order to prevent any further widening of the gap in levels of regional wealth. Examples of good practice can be described or developed. "Successful" regions can provide a model from which others can learn. The interplay with globalisation may have dangerous consequences. Regions can be left out in the cold, not only at world level, but also within Europe.

Over the last decade, the pace of globalisation has accelerated because of the rapid introduction of digital technologies, the formation of global value-added chains and the formulation of new company strategies. As a consequence, the economy of various European countries has come under considerable pressure to adapt. In addition, the continuing instability of labour markets, the continuing backwardness as regards the new technologies, and an inadequate macroeconomic policy are slowing down economic growth and contributing to a hardening high level of unemployment. Efforts to increase the ability to compete and innovate have been stepped up in recent years.

For these reasons the Hans Böckler Foundation appreciated to support the Johann Wolfgang Goethe-University and the Institute for Economics, Labour and Culture (IWAK) both in Frankfurt am Main who took responsibility for the organisational tasks in the foundation phase of the European Network for the Furthering of Regional Labour Market Monitoring.

This European Network is unique related to Regional Labour Market Monitoring and it fulfils three major functions: At first, it supports the further development of methods and concepts by bringing scientists and practitioners from different countries together. Secondly, it provides a space for the exchange of experiences from actors with different backgrounds, leading to transnational cooperation with a special focus on labour force migration within Europe. And thirdly, European standards in theory, methods, data generation and processing, and the spread of information can be developed. This would ease transnational comparisons and benchmarking on one hand and set on the other hand the framework of a common European concept for conducting Regional Labour Market Monitoring.

The book is a result of the European Network for the Furthering of Regional Labour Market Monitoring. It presents a variety of projects in this area that are represented from several European regions. For the trade unions all over Europe this network can be a tool for bench learning and proactive networking. For the trade union related research institutes it can be a genuine platform to pool their knowledge and competences on a European level in order to match the needs of the trade unions today. Many of the labour questions dealt with on a national level are of relevance for all or most trade unions in Europe. The purpose of the projects is to develop current and prospective regional employment. In this sense we wish the European Network on Regional Labour Market Monitoring ongoing success in their activities.

*Dr. Erika Mezger*

**Head of the Department for Research Promotion of the Hans Böckler Foundation**

Düsseldorf / Germany

# 1 Introduction

## Monitoring of Regional Labour Markets in Europe – An Introduction to the Field

*Christa Larsen / Waldemar Mathejczyk / Alfons Schmid*

Regional factors are of importance for the economy and employment in highly competitive and international markets. As a precondition for the functioning of regional labour markets, adequate information has to be generated and transformed into new knowledge – for all actors involved.

Regional Labour Market Monitoring can be seen as an approach to meet these requirements. A variety of projects in this area have been implemented in several European countries. Their purpose is to develop and adopt sets of indicators for current and prospective regional labour force and business.

This book gives an idea of the diversity of European approaches to the monitoring of regional labour markets. It illustrates the different concepts and instruments representing the region in which they are used. These concepts and instruments are related to approaches which are used in other European regions in similar ways but with different stress or modified methods.

We introduce the field of Regional Labour Market Monitoring with different perspectives in the following manner:

- To start, we will make some remarks on the role of regions in monitoring from a theoretical point of view (section 1).
- Next, we will introduce from a conceptual perspective two basic types of Regional Labour Market Monitoring which will be used to classify the European projects presented in this book (section 2).
- Finally, we close with an overview of the articles in this book (section 3).

## 1 About Regions and Monitoring

In the context of internationalisation and globalisation, regions have gained importance. One major reason is the relevance of regions for the competitiveness of businesses and labour force.<sup>1</sup> Regional factors that support this competitiveness have been identified both theoretically and empirically; examples are regional knowledge, knowledge spill-over effects, and regional networks.

Important factors for the competitiveness of regional actors include an efficient regional labour market and effective regional labour market policies. Efficiency and effectiveness require information and knowledge. Adequate information reduces mismatches in regional labour markets and improves the effectiveness of regional labour market policies, and adequate knowledge helps more effective decision-making.

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<sup>1</sup> C.f. Martin, R.L. (2004): A Study on the Factors on Regional Competitiveness. A Draft Final Report for the European Commission Directorate "General Regional Policy". Cambridge.



Regions matter for efficient labour markets and effective labour market policies, despite the fact that labour markets are currently experiencing internationalisation. New empirical studies show that regional and local factors influence regional employment to a considerable extent.<sup>2</sup>

In the literature, there is no commonly accepted definition for the term “region”. How regions are demarcated depends on the characteristics of regions.<sup>3</sup> At least two ways of demarcating regions exist, one according to an administrative definition and one according to a functional definition. Administratively defined regions reflect regional labour market policies. A functional definition based on commuting patterns corresponds more closely to regional labour markets. A spatial coincidence of both rarely exists.

The concept of “region” shapes the functioning of labour markets and the effectiveness of regional labour market policy in different ways. In recent years, local and regional authorities have become increasingly important for regional employment and labour markets. The growing importance of regional factors corresponds to the diminishing importance of national employment policy.<sup>4</sup>

From institutional and information economics we know that we act in a world of bounded rationality with imperfect information.<sup>5</sup> Labour markets – like other markets – are imperfect and there are market failures. These imperfections and market failures, e.g. imperfect information, imperfect mobility, imperfect property rights, externalities, et cetera, reduce the efficiency of regional labour markets and the effectiveness of regional labour market policies. One consequence of these imperfections pertains to the allocation of the labour force, so that the labour market functions sub-optimally.

Regional Labour Market Monitoring is considered to be an instrument for generating information and providing and communicating it to regional actors – companies, the labour force, and labour market policy institutions. It is an instrument to reduce imperfect information and consequently it increases efficiency of regional labour markets and to improve the effectiveness of regional labour market policy.

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<sup>2</sup> C.f. Blien, U. / Hirschenauer, F. / Arendt, M. / Braun, H.J. / Gunst, D.M. / Kilcioglu, S. / Kleinschmidt, H. / Musati, M. / Roß, H. / Vollkommer, D. / Wein, J. (2004): Typisierung von Bezirken der Agenturen für Arbeit. In: Zeitschrift für Arbeitsmarktforschung, 37. Jg., 146-175.

<sup>3</sup> C.f. Blotevogel, H.H. (1996): Auf dem Weg zu einer Theorie der Regionalität. In: Brunn, G. (Hrsg.): Region und Regionsbildung in Europa: Konzeptionen der Forschung und empirische Befunde. Baden-Baden. 25ff.

<sup>4</sup> C.f. Martin, R.L. (2004): A Study on the Factors on Regional Competitiveness. A Draft Final Report for the European Commission Directorate “General Regional Policy”. Cambridge.

<sup>5</sup> C.f. Stiglitz, J.E. (2003 and 2004): Information and the Change in the Paradigm in Economics. In: The American Economist, Vol. 47, p. 472-540. Please refer also to: Williamson, O.E. (1985): The Economic Institutions of Capitalism. New York.

## 2 Projects of Regional Labour Market Monitoring in Europe – The Basic Types

In recent years, there has been a steady increase in the importance of Regional Labour Market Monitoring. There have been in Germany alone circa 25 projects in the area of Regional Labour Market Monitoring since the end of the 1990s.<sup>6</sup> During the same period, Regional Labour Market Monitoring was taken up in 16 European countries.<sup>7</sup> The methods and approaches employed in these practices appear at first sight multifarious and do not permit easy systematic treatment. Despite this, we will try to systematise the diverse methods and approaches. This is meant to provide an access to the landscape of projects in the field of Regional Labour Market Monitoring in Europe.

Conceptually speaking, there are two basic types of Regional Labour Market Monitoring in Europe. These types are abstractions from the concrete approaches in practice, therefore they are not themselves empirical types that can be found in individual European countries. These two types will be called *type A* and *type B* respectively. Whereas the main characteristic of *type A* is that the monitoring is carried out nation-wide, monitoring projects of *type B* focus exclusively on individual regions within a European state.

Regional Labour Market Monitoring according to the principles of *type A* is done within the framework of public administration. Mostly, the relevant administrations are in the area of labour or education. In keeping with this institutional framework, the structure of monitoring is primarily modelled on a top-down strategy. This means that the highest level of the state decides which aspects are relevant and what methods are to be employed in Regional Labour Market Monitoring. By way of a top-down movement, the same data and methods are used in all subordinate levels. The data obtained and extracted thusly are then aggregated, by way of a bottom-up strategy, through all levels up to the highest level of the state. As a result, structurally comparable information for each area unit is available at all levels of a European state.

These related data are predominantly process data from administrative districts, which are extracted and edited in specific ways. In accordance with the task orientation of the authorities these data display (above all) labour supply and supply of graduates for a respective year. The availability over extended time periods and high constancy of the profile and structure of the characteristic set makes the implementation of complex projects possible and enables projections for the regional level as well as for all other super ordinate levels.

The groups targeted by such monitoring are the political actors in the labour market. These include both actors within the administrative entity that carry out the monitoring as well as other authorities and respective associations. The information made available is meant to be the basis for decisions on strategic development of (regional) labour markets. To that extent, one can speak of a kind of strategic labour market monitoring. However, information yielded by *type A* monitoring is exclusively made available through a web-based information system. To what extent the political actors in the labour market know of or are made aware of this information source is not clear.

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<sup>6</sup> C.f. Larsen, C. / Knobel, C. / Dera, S. / Schmid, A. (Hrsg.) (2005): Regionales Arbeitsmarktmonitoring. Ansätze, Konzepte und Entwicklungen in Deutschland. München und Mering.

<sup>7</sup> This is reflected in the contributions at the conference "Monitoring of Regional Labour Market Monitoring in Europe" on the 8<sup>th</sup> and 9<sup>th</sup> of March, 2006 at the Johann Wolfgang Goethe University in Frankfurt am Main (Germany).

Labour market monitoring according to *type B* deals solely with a single regional area within a country. The institutional affiliation and the implementation of monitoring stay within the region. Accordingly, the monitoring activity resides in regional offices of business development, regional educational institutions, or research institutes. The monitoring begins as a project of limited time-span, which can, however, after its termination (which usually refers to the end of external funding) become a permanent operation.

The structural layout, substance, and targeted groups of such monitoring reflect strongly the local situation and problems of regional labour markets. It is of central importance in these approaches that regional networks (actors relevant to labour market) in the form of advisory councils and steering committees are closely involved in the projects. These networks fulfil two functions. On the one hand, they decide which topics should be taken up in the Regional Labour Market Monitoring. As a result, the monitoring becomes focussed on specific sectors or target groups, such as those of the elderly, adolescents, or migrants. On the other hand, the information processed by the monitoring is communicated back into these networks, so that these actors function as regional multipliers.

The substance of monitoring determined by advisory councils and steering committees can only be achieved in part by publicly available data. Beyond this, there is interest in the description of (skilled and semi-skilled) regional labour demand from businesses. Here field research may be necessary, which enables both qualitative as well as quantitative conclusions. The description of supply and demand of labour delivers the prerequisite for bringing the two sides of labour market together under a 'matching perspective'. As a result, conclusions can be made about sector or qualification-specific surplus or shortage in the region. The focus of such projects is limited to describing the current situation of local labour market. Forecast and projections are seldom included.

The members of advisory councils and steering committees form a major target group of the Regional Labour Market Monitoring. In this sense, this type of monitoring, as in *type A*, contains a kind of strategic labour market monitoring. Additional actors, that are directly active in the local labour market, for example enterprises, educational institutions and employees, are further target groups. Consequently, *type B* monitoring has also an operational direction apart from a strategic one. The target groups are identifiable because of the focus on one region. The information obtained can be prepared, specifically aimed at interest constellations, such as educational institutions or enterprises, and conveyed through workshops or face-to-face contacts. This approach differs from *type A* to the extent that information transfers take place selectively with an orientation on the informational needs of user groups. This form of information transfer is conceptually built-in for *type B* monitoring, since the monitoring is assigned both a communicational role as well as one of gathering information.

*Type A* monitoring possesses a high level of stability through its organisational integration, so that a permanent monitoring can be ensured. This stability does not exist to such an extent for *type B*, as the source of stability comes only from its integration into regional networks. In addition, for *type A* monitoring, there is a regionally independent structure of characteristic set, so that both vertical comparisons between areas on different levels and horizontal comparisons between regions on the same level are possible. Moreover, data for an arbitrary collection of different regions can be aggregated. Representation of the specificity of individual regions, however, comes about exclusively through varying of variables.

With regard to regional specificity, *type B* monitoring appears to have considerable advantages. This is due to first of all, the possibility to choose the substance of monitoring according to local needs, and secondly, the identifiable regional user groups, to which information can be directly transferred. This results in considerably greater probability than in the case of *type A* monitoring of the information making a difference in decision-making and action. User groups here can be either actors in the labour market or those of labour market politics, for both, through their own specific access to the regional labour market, can effect improvements of its functionality.

The breadth of information in the case of *type B* monitoring is markedly greater, for apart from the supply of labour, the demand for labour from businesses is also taken into account, so that it is possible to conduct an analytical comparison of both sides of the market. This enables deeper insights than that permitted by a representation of labour supply alone, as is the case with *type A* monitoring. The data necessary for mapping out the demand side can only be obtained through firsthand research. This is costly and time consuming and involves further questions such as the representativeness of the data. In contrast, representativeness and high cost are not problems for *type A* monitoring. Statistical sampling and relevant field research are not required. Through the use of a technical information system for data preparation and presentation, many processes in the monitoring can be automated and a high level time and cost efficiency can be achieved.

This overview makes clear that both *type A* and *type B* monitoring have relative advantages and disadvantages. In implemented projects, one rarely finds a pure *type A* or pure *type B* monitoring. Moreover, projects designated as one type integrate elements of the other type to minimise disadvantageous effects. The descriptions of various projects in this book show the broad variation within each type.

### 3 Overview on the Articles of this Book

In this publication, 27 authors from more than 10 European countries depict various aspects of Regional Labour Market Monitoring. Examples from more than 15 European regions will be given. However, this book does not claim to touch upon each existing approach. It rather aims to provide a general overview to further a European discussion about Regional Labour Market Monitoring.

The composition of the book is divided into three sections:

- *Part one* contains various examples of projects in the field of Regional Labour Market Monitoring. It includes chapters 2 and 3. Whereas in chapter 2 projects of a nationwide systems of labour market monitoring (*type A*) and in chapter 3 samples for regional approaches (*type B*) are presented.
- The *second part* of the book with chapter 4 points out some topics which are relevant for the further development of Regional Labour Market Monitoring.
- The *third part* is chapter 5 which is related to what meaning networks have for the development of Regional Labour Market Monitoring. The book is concluded with some future perspectives in chapter 6.

*Part one* starts with chapter 2. The reader will find various examples for *type A* monitoring systems which are established nationwide.

At first, an example from a Scandinavian country is presented. *Thomas Behrens* describes the current Regional Labour Market Monitoring system in Sweden, where the National Labour Market Administration has a long tradition in regularly observing statistical indicators. As he is a labour market analyst at the County Labour Board, his perspective points out that monitoring means not only regularly conducted observation of statistical indicators but also includes other types of systematic information gathering such as regular surveys and the preparation of forecasting of labour market developments.

Secondly, another example of a nationwide monitoring system is generated in the National Labour Administration in Poland. The labour market monitoring in the regions of Poland is carried out by a team of scientists. *Iwona Kukulak-Dolata* from the Łódź University team works on the monitoring system in Poland and describes its origins and developments in recent years. As an example she presents the structure of the monitoring with regard to the shortage and surplus of occupations in Poland after 2005. The Polish monitoring system seems to be a case which is based on both the different statistics of the National Labour Administration and on methods elaborated by the scientists themselves.

The third example is Regional Labour Market Monitoring embedded in the National Labour Administration in Bulgaria. *Mirena Stavrera*, an expert in the Labour Market Authority in Sofia, describes in her report the present situation as a preliminary stage for a Regional Labour Market Monitoring. In Bulgaria, Regional Labour Market Monitoring is still in its infancy. Starting from a general unemployment statistics, descriptive statements are possible. More complex statements like e.g. projections or early detection of skill needs are not yet daily business.

The fourth example is focussed on France, where the different labour market regions were given more competence and responsibilities since the early 1990s, showing effects at different levels. In their exposition, *Bénédicte Delneste and Guy Sapin* describe new demands on their work as an effect of decentralisation of labour market politics. Their experiences of managing a regional institute that conducts monitoring on the relation between education and employment make clear that Regional Labour Market Monitoring in Burgundy also means that nationwide political programmes are implemented into the region.

Fifthly, apart from these existing approaches, *Marco Ricceri* describes the preconditions for the implementation of nationwide programmes into regions from a political point of view. The reform of the labour market in Italy has been an issue of strong political confrontation involving government units, parties, and unions. He underlines that an important industrialised country like Italy has a long delay in creating an effective monitoring system and all initiatives, both national and regional, are the first steps of the process.

The *second section* of *part one* of this book is covered by chapter 3 which highlights various examples of *type B* Regional Labour Market Monitoring. The first three articles discuss the importance of dialogue and communication with users with respect to the information provided in the monitoring process.

*Andreas Mertens* summarises his experiences as coordinator of the Prospect approach that has been carried out during the last seven years in different regions of North Rhine-Westphalia in Germany.

He is succeeded by the article of *Peter de Bruin*, the director of Activa Research, who describes current activities and perspectives of the Prospect approach in the Netherlands and points out how the rising demands of municipalities can be responded to within this framework.

The communication aspects are rounded by the article of *Christa Larsen and Marco Mevius*. They present conceptual considerations and empirical examples on the importance of communication in the processes of Regional Labour Market Monitoring.

The following articles are related to specific topics. The first topic is cross border monitoring. *Marc Bittner and Michaela Hudler-Seitzberger* report about cross border monitoring performed at the border zone of Austria, Hungary, Slovakia, and the Czech Republic.

They are followed by *Jonathan Schulz and Markus Weißkopf* who perform statistical monitoring at the "Euregio Bodensee" with a cross border approach connecting Germany, Austria, Switzerland, and the Principality of Liechtenstein.

The next topic is about specific target groups. First, *Michael Gebel* describes from a scientific perspective how older workers move increasingly into the focus of Regional Labour Market Monitoring. Demographic changes add new political problems to the labour market which can be solved with suitable monitoring instruments in the future.

*Yvette Grelet* is succeeding with her article on young people. She relates to the situation of young individuals in France and describes from the perspective of applied science which concepts were developed in recent years and which instruments are used nowadays. As an example she mentions the school leavers' survey as an instrument for target group monitoring.

Closely related to specific target groups is the article from *Helena Úlovcová and Zorka Husová*. They describe the conditions of Regional Labour Market Monitoring in the Czech Republic. They explain their approach and link Regional Labour Market Monitoring to the vocational training system.

*Part two* of the book is related to *chapter 4*. Here central topics for the further developments of Regional Labour Market Monitoring are to be touched.

*Alfons Schmid* discusses aspects of the theories concerning Regional Labour Market Monitoring. He defines information and knowledge as basic elements for a successful labour market monitoring and argues that 'region' as a concept is becoming important for regional economy and employment within international oriented markets.

The contribution of *Ronald W. McQuaid* considers processes of standardisation in Regional Labour Market Monitoring based on his experiences in Scotland. He outlines relevant issues regarding standardisation of labour market monitoring for regional and local bodies. His contribution makes clear that in the field of standardisation a lot still can be done.

*Ben Kriechel* allows some access to the current state of affairs concerning quantitative methods. By means of his daily work, he describes a forecasting model. Starting with the general use of labour market monitoring in the Netherlands, he describes the regional model, which is especially useful for the early identification of mismatches and skills need.

In the *third part* of the book with *chapter 5* has a focus on the meaning of networks for the further development of Regional Labour Market Monitoring. Special attention will be given to European networks and their benefits for the actors.

First *Monika Stricker, Antje Utecht, and Tanja Kreetz* explain how inter-organisational learning processes can take place in a European-wide acting vocational training organisation by exchanging different approaches and cultures in a network of different actors working in complementary fields of human resources development.

Secondly, two networks, both regarding the topic “Early Identification of Qualification Needs” are presented by *Bernd Dworschak and Alena Zukersteinova*. “FreQueNz” and “Skillsnet” were set up as a response to the demand of experts, policy makers, and social partners for adequate data on the early recognition of skills’ needs. The objective of these networks was to bring together researchers and other stakeholders from across Europe to present and discuss outcomes and methods of research and analysis.

And thirdly, *Waldemar Mathejczyk* describes the current state of activities in the European Network for Regional Labour Marketing Monitoring.

The book is concluded with *chapter 6* which sets a glance into the near future. *Alfons Schmid, Christa Larsen, and Waldemar Mathejczyk* discuss the perspectives of Regional Labour Market Monitoring in European States.

## 2 Complex Information Systems for Nationwide Monitoring

### *Introduction to this chapter*

The introduction into the diversity of approaches to monitoring of regional labour markets in Europe begins in this chapter with nation-wide programmes. This category consists of monitoring methods that generally rest on the central structure of national labour administration, employing the same model for all regions within a country.

The examples described below for nation-wide labour market monitoring are taken from Sweden, Poland, Bulgaria, France, and Italy. This compilation – let us mention this here once again – is not based on a systematic selection procedure. Rather, it grew out of the contributions in the conference (see the “Foreword by the Editors”).

The five countries represented here reflect a very uneven development status. In Sweden, we find a system that is both elaborate and functional. In other countries, such as Bulgaria and Italy, monitoring systems are just beginning to be implemented, within general frameworks that are very different. In Poland and France, the monitoring of labour markets takes place under entirely different conditions.

Despite these differences, one can assume for individual countries a typical set of basic conditions. In the course of reading this book, the reader will perhaps discern a *north-south gap* and perhaps a *west-east gap*. More examples would be needed to substantiate this impression. One would then certainly discover that western European countries such as e.g. Sweden, Denmark, or Germany show similarities, and that eastern European countries – for example Bulgaria, Poland, and the Czech Republic – have for their part comparable framework conditions determining the current development status of approaches to monitoring. Consequently, the cases of nation-wide labour market monitoring described here also serve to exemplify developments in other countries that are not included.

Apart from that, the reader may read this chapter with specific questions in mind. One key question is surely: what do nation-wide programs achieve given the diversity of regions in those individual countries?



## **Regional Labour Market Monitoring in Sweden – A Perspective on Applications and Empirically Induced Modifications**

*Thomas Behrens*

### **Summary**

The following report focuses on state-of-the-art monitoring regional employment and regional labour market policy in Sweden and specially the County of Scania.

The National Labour Market Administration (AMV = Arbetsmarknadsverket) achieved a high degree of decentralisation in the delivery of labour market policy. Resources are allocated to the County Labour Boards – and from there to the local Public Employment Service (PES = Arbetsförmedlingen) – via indicators based on AMV's operational statistics which are integrated in a budget and participant data monitoring system.

The AMV has a long tradition in *regularly observing statistical indicators*. But monitoring means not only regularly conducted observation of statistical and financial indicators but also includes *other types of systematic information gathering such as regular surveys and forecasting of labour market developments*. Even at this point the AMV has a long tradition in developing and implementing monitoring tools.

The forecast (monitoring-) system is designed especially for the local PES, but also for the County Labour Board and the National Labour Market Board (AMS = Arbetsmarknadsstyrelsen) as well. Doing the forecast work will strengthen company contacts, build up valuable networks with employers, and increase opportunities conducting successful placements. Therefore the gathering of information has always been part of the Public Employment Offices' natural interaction with the business sector.

The County Labour Board uses the forecast data for operational planning in terms of setting priorities for labour market policy programmes (measures) and labour market training. On the national level, the forecasts aim to influence the government in its formulation of objectives within the labour market policy and to affect the social partners.

### **1 Labour Market Monitoring – An Important Part of the Swedish Public Employment Service**

In recent years the monitoring of labour market has become a major issue both on national and regional level. The reasons for this development are to be found in general needs for a better planning, and tight public budgets. The Swedish Labour Market Administration (AMV = Arbetsmarknadsverket) is a good example highlighting this process towards a more efficient public service.

The Swedish government's overriding labour market policy objective is an efficient labour market with full employment and good economic growth. The AMV has the task to transpose Swedish labour market policy into practice. The central authority of AMV is the National Labour Market Board (AMS). AMS has three duties, which are crucial for the planning and follow-up of the performance:

- to set and define objectives and guidelines for each County Labour Board according to the national aims formed by the government ("management by objectives"),
- to distribute financial and other resources available for the AMV, and
- to follow-up and evaluate the results of the labour market policy performance.

In each of Sweden's 21 counties there is a County Labour Board, to which the 325 local offices of the Public Employment Service (PES) are responsible. The government aims are transferred into operational aims by the AMS. The central, regional, and local level within the AMV collaborates in this breakdown process. The local PES offices, ultimately implement the objectives set by the government (and by the parliament).

In other words Sweden has already achieved a fairly high degree of decentralisation of the performance of labour market policy. The shift from bureaucratic and centralised rule-making towards modern management methods has contributed to the pressure to set up monitoring systems.

Furthermore the AMV has a long tradition in *regularly observing statistical indicators*. The PES through its regional and local agencies is the main provider of data and – as far as day-to-day activities are concerned – also the main user of data. This has contributed to a successive implementing of monitoring at all levels of the organisation.

Last but not least the AMV is a nation-wide organisation with a 'one-stop shop system', which means that all the measures are available through the same organisation. This, and the fact that decision-making within the AMV is delegated and the local PES have significant autonomy in the allocation of the financial resources, has paved the way for an increased monitoring. After all, local agents must be enabled to justify their allocation choices.


Monitoring means not only regularly conducted observation of statistical indicators but also includes *other types of systematic information gathering such as regular surveys and forecasting of labour market developments*. Even at this point the AMV has a long tradition in developing and implementing monitoring tools. Among the various institutions engaged in such forecastings, the AMV stands out as one of the main providers. The forecast results are used for anticipating employment changes and planning qualification supply.

## 2 Monitoring of Statistical Indicators

As already mentioned the AMV achieved a high degree of decentralisation in the delivery of labour market policy. Resources are allocated to the County Labour Boards – and from there to the local PES – initially via indicators based on AMV's operational statistics (Händel/UVAS). Financial outcomes were followed up at all levels within the AMV through an online based financial management system (Presto). The system is still working today but in an enhanced version. As a next step the AMV launched an online based monitoring system "Leda" (= Lead, see figure 1) which reports on job vacancies, job seekers and labour market programmes, and follows up the operational targets (objectives).

Since the late 1990s AMS has been intensively engaged in developing a "compatible" budget and participant data monitoring system. In 2002 the first version was launched, called "Chefens Fönster" (= Manager's window, see figure 2), and after a short period of testing it on management level, the system has become a crucial planning tool used at all levels of the organisation. It is noteworthy that every employee in the AMV is encouraged to use the system actively in the-day-to-day work. Actually a second version will be launched within the next month – called "Leda+". This version combines the interactive target formulation system "Opus" with the actual monitoring systems "Leda" and "Chefens Fönster".

Arbetsmarknadsstyrelsen																LEDA Mal och Resultat 2004-03 National Level					
																Results in March	Results Jan-March	Objectives Jan-March			
Data	Dia	?	Objective 1:	Have the employers had sufficient job applicants?												91 %	91 %	85 %			
Data	Dia	?	Objective 2:	Share of jobseekers that state they have an action plan												79 %	78 %	75 %			
Data	Dia	?	Objective 3:	Employment 90 days after concluding their employment training												74 %	72 %	70 %			
Data	Dia	?	Objective 4:	Long-term enrollees												35475	35853	36365			
Data	Dia	?	Objective 5:	Transition from wage-subsidised jobs into non-subsidised jobs												522	522	511			
Data	Dia	?	Assignment	Reduction of part-time unemployment												73866		74364			
Data	Dia	?	Assignment	Halving the number of long-term unemployed young people												7424		7615			
Senast uppdaterad 2004-04-16 09:06																					
<u>AB</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>	<u>K</u>	<u>M</u>	<u>N</u>	<u>O</u>	<u>S</u>	<u>T</u>	<u>U</u>	<u>W</u>	<u>X</u>	<u>Y</u>	<u>Z</u>	<u>AC</u>	<u>BD</u>	<u>AFK</u>
<u>LEDA</u>								Local employment offices						<u>Vis huvudmeny</u>							



Counties

**Figure 1:** Basic Structure of the Monitoring System “Leda” (Follow-up of the five national labour market policy objectives and two assignments of the Swedish National Labour Market Administration)

The monitoring system as a whole consists of the following stages:

1. Labour market policy objectives are specified by the political and administrative authorities at national, regional, and local levels.
2. The objectives are regularly measured by indicators.
3. The monitoring process provides statistical information on financial and operational indicators relating to 1 and 2.
4. The monitoring system offers feedback loops to adjust the observed irregularities.
5. Frequent follow-up dialogues are carried out in the whole organisation.

Monitoring of statistical and financial indicators has now achieved a high standard. But – concerning labour market statistics – the monitoring systems only take into account operational statistics, i.e. statistics which are provided by the agencies within the AMV. In reality many irregularities can be explained by differences in local labour market situations, but the present systems do not monitor indicators like employment development, status, attained qualification, et cetera.

The absence of statistics originated from other statistical sources outside of the AMV, is obvious and can be explained with, either the lack of relevant regional labour market statistics, or the time gap between recording and releasing date. All *survey-based statistics*<sup>8</sup> can not be broken down on local levels, and in some cases, not even on regional (county-) levels. The *register-based labour market statistics* provide annual information on a very detailed level (branch, education, social status, and occupation). But due to the long production period (more than 15 months) the statistics are no longer up-to-date when the Statistiska Centralbyran (Statistics Sweden) releases them.

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Labour Force Survey “Arbetskraftsundersökningar”, Trend Statistics on Vacancies “Konjunkturstatistik över vakanser”, and Short-Term Employment Statistics “Kortperiodisk sysselsättningstatistik”.

<b>Manager's Window</b>		
National policy objectives 2004	Weekly planning agenda	
Matching	Training	
Activating	Active Programmes	
Economy	Staff	E-Learning

Figure 2: Overview of the Structure of the “Manager’s Window” (Support system of the Swedish National Labour Market Administration)

### 3 Monitoring by “Prospecting” the Labour Market

#### 3.1 Brief History

Over several decades, the AMV developed methods for prospecting the labour market and forecasting recruitment needs. The starting point was the need of diminishing recruitment problems. Initially, the National Labour Market Board (AMS) issued directives to the County Labour Boards about what areas should be described in more detail, but the County Labour Boards were left to implement the directives.

At the end of the Eighties the public opinion became more interested in labour market issues, and a sturdier forecast system successively evolved. The first step was to introduce a common *employment survey* form for all counties. The next step was to allow the local PES to interview work places. AMS and the County Labour Board supervised the gathering of information. Slowly, but surely, a forecast system was established, which not only updated but also improved the company contacts.

In the day-to-day routines the Public Employment Offices were building up knowledge about the recruitment situation within different occupations. Unfortunately, this knowledge was not used in the forecasts. Increasing recruitment difficulties and mismatching problems on the labour market raised the need to introduce the *occupational barometer*, which is designed to pick up the experience and knowledge of the local placement officers.

### **3.2 The Forecast System – A General Description**

The purpose of the labour market forecast is to survey and anticipate employment changes in terms of general labour supply and demand. The forecast is compiled on a bi-annual basis, in the spring and autumn. The labour market forecast is based on:

- an employment survey that investigates the workplaces,
- an "Occupational Barometer" – i.e. occupational forecast – circulated to the local placement officers, and
- a long-term and mid-term forecast model which forecasts demographic and labour force developments on a regional level.

Forecasts and market assessments are prepared at all levels within the organisation, i.e. locally, regionally, and nationally. The chronology and planning sequence of the forecasting process is as follows:

(1.) In December and June (for the spring and autumn forecasts, respectively), AMS initiates the forecast-session by informing

- about current topics of inquiry related to labour market developments, and
- deadlines for the County Labour Board returning the analysed forecast material to the AMS.

(2.) The County Labour Board initiates the forecasting process at the regional level.

(3.) The local PES conduct interviews – either by visits or by telephone – in keeping with a special interview questionnaire. The answers are then encoded into a central database via the AMS Intranet. The County Labour Board and the National Labour Market Board have direct access to the database.

- Altogether about 2,200 interviews are conducted in the County of Scania (12,000 nation-wide).
- The County Labour Board collates the replies and prepares an assessment of the labour market situation within its own region.

(4.) AMS then puts together the different regional labour market assessments, information from other Swedish forecasts, statistical data and information from OECD reports et cetera, before presenting a forecast of national labour market developments.

(5.) AMS and the 21 County Labour Boards present the various forecasts concurrently. This takes place in the end of May and November, respectively.

### **3.3 Objective / Purpose of Forecasting**

The basic idea for the forecast system is to increase knowledge of the local labour market and to act as a tool for operational planning. This system is designed especially for the local PES, but also for the County Labour Board and the National Labour Market Board. Doing the forecast work will strengthen company contacts, build up valuable networks with employers, and increase opportunities conducting successful placements. Therefore the gathering of information has always been part of the Public Employment Offices' natural interaction with the business sector.

The County Labour Board uses the forecast data for operational planning in terms of setting priorities for labour market policy programmes (measures) and labour market training. On the national level, the forecasts aim to influence the government in its formulation of objectives within the labour market policy and to affect the social partners.

### 3.4 Input: Major Data Sources

The Swedish forecast system is based on a mixture of interview data, barometer figures and operational statistics, i.e. data that are generated within the Swedish Public Employment Service as a whole. Secondary sources, i.e. data collected and processed by Statistics Sweden and National Institute of Economic Research (Konjunkturinstitutet), are used in order to carry out projections, according to the estimated trends, on all the workplaces in the region.

On the regional level the County Labour Board uses primary data from:

- the *employment survey* (data encoded via the AMS Intranet) – the survey contains a stratified random sample of circa 2,500 work places that employ more than 5 people;
- the *occupational barometer* (soft figures encoded via the AMS Intranet<sup>9</sup>) – which is a labour market tendency survey concerning around 200 occupation categories;
- operational (internal) statistics of the PES pooled in a database (Händel): jobseekers and unemployed, vacancies, and job activation;
- statistics on cut-back warnings of massive discharges/notices of dismissals (“Varselstatistik”).

Secondary data are collected from Statistics Sweden and from the National Institute of Economic Research, i.e.:

- demographic statistics (population);
- labour force survey (quarterly): labour force, employment, and unemployment;
- trend statistics on vacancies (quarterly survey on unfilled jobs);
- employment (register-based statistics – yearly), commuting, retirement; and
- forecasts (every trimester) and business tendency surveys (monthly) – provided by the National Institute of Economic Research.

### 3.5 Output: Subject for Forecasting

The labour market forecast predicts regional employment changes in terms of general labour demand, supply, and unemployment.

*Employment development (labour demand):* The forecast assesses the development of the employment within the region, one respectively two years ahead, divided by business sectors and sub-regions (see figure 3).

*Development of the regional labour force:* The forecast estimates the development of the regional labour force one year ahead, divided by sub-regions and age.

*Development in unemployment:* Unemployment is estimated periodically (monthly) until the end of the forecasting period (see figure 4).

*Recruitment development:* The recruitment report describes trends within the various occupational groups with the focus on tendencies towards or risks of recruitment problems and bottlenecks. The report is based on the *occupational barometer*.

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The occupation barometer contains estimates concerning the recruitment needs of enterprises / authorities for different occupations for a year ahead, using the following scale: “Strongly decreasing”, “Decreasing”, “Unchanged”, “Increasing”, and “Strongly Increasing”. It also supplies information about the labour market situation for different occupations one year ahead, using the following scale: “Large Surplus”, “Surplus”, “Balance”, “Shortage”, “Large shortage”, and “Shortage, can not expand the company as planned”.

<b>Change in Employment</b>					
<b>Forecast Spring 2006</b>					
	Employees	Change	Change in %	Change	Change in %
	2005 Q 4	2006 Q 4	2006 Q 4	2007 Q 4	2007 Q 4
Agriculture, hunting, forestry and fishing	9 730	-1 030	-10,6%	-260	-3,0%
Mining and manufacturing	81 620	-800	-1,0%	510	0,6%
Electricity, gas and water supply; sewage and refuse disposal	4 430	-90	-2,1%	-30	-0,7%
Construction	31 360	2 950	9,4%	1 930	5,6%
Wholesale and retail trade; transport, storage and communication	103 990	2 440	2,3%	2 530	2,4%
Hotels and restaurants; other personal service activities	64 160	3 560	5,6%	3 540	5,2%
Financial intermediation, real estate, renting and other business activities	60 410	290	0,5%	380	0,6%
Public administration and defence; compulsory social security	84 460	1 020	1,2%	800	0,9%
Research and development; education	26 820	760	2,8%	760	2,7%
Health and social work	29 750	440	1,5%	460	1,5%
Unknown classification	7 980	10	0,1%	10	0,1%
<b>Total</b>	<b>504 720</b>	<b>9 550</b>	<b>1,9%</b>	<b>10 620</b>	<b>2,1%</b>

*Figure 3: Example “Change in Employment”*

## 4 Forecast Methodology

### 4.1 Interval and Level

The forecast is updated biannually (in spring and in autumn) at the local level and aggregated on a sub-regional level (labour market regions) and regional level (counties).

### 4.2 Gathering Information

The survey questionnaire contains information concerning perceived future developments within each company as regards to the company's

- market situation,
- production,
- number of employees,
- recruitments and terminations / redundancies, and
- recruitment problems.

In general, the local PES is appointed to carry out the survey-interviews – either through personal visits (recommended) or through telephone interviews. More than 200 placement officers are conducting the interviews in the county. It is the officers themselves that respond to questions from the occupational barometer (see above). Both the replies from the survey and the barometer are encoded in a central database and can be downloaded by the County Labour Board. The County Labour Board itself is responsible

- for initiating the survey process at the local level,
- for monitoring the collection of the data,
- and for establishing and maintaining a good contact not only with the companies that take part in the surveys but also with its social partners.

To ensure that the standards are being met, the County Labour Board has created, together with its social partners, a forecasting panel that will provide feedback on the forecast results.

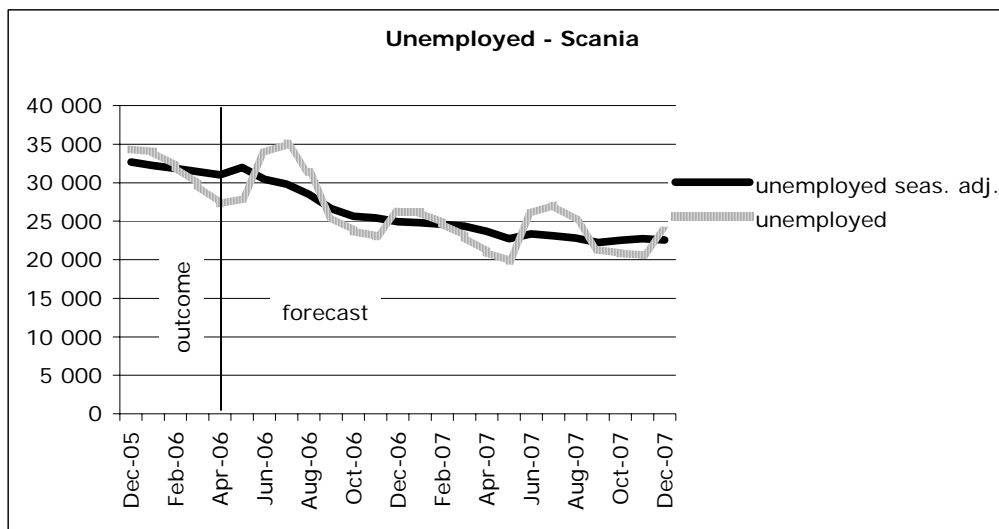


Figure 4: Example “Unemployed”

### 4.3 Implementing the Results

As mentioned above, this type of labour market monitoring by short term forecasts aims to constitute a basis for the planning of labour market policies on local, regional, and national level. In addition, the regional forecast plays an important role by serving the information needs of the local and regional political stakeholders, such as the local labour market councils (= Arbetsmarknadsnämnd) and the regional Labour Market Council (Länsarbetsnämndens styrelse). The regional forecasts enable the stakeholders to plan, implement and co-ordinate the regional labour market initiatives and to follow them up by signalling tendencies and trends.

## 5 Areas of Development

### 5.1 Improving the Consistency of the Forecast System

The Swedish forecasting methodology has been developed gradually over the past two decades. Actually, there are still differences between the various counties in terms of the numerous statistical sources they use – a fact that leads to inconsistencies between the results of the forecasts at a county level and the outcome of the national forecast.

During the last years AMS has implemented several methodical tools in order to improve the common forecasting standards all over the country – thus fulfilling the requirements of nationwide consistency. This development is an ongoing process and will probably last over a longer period.

### 5.2 Improving Forecasting the Supply of Labour

Forecasting the labour supply is a central issue for the County Labour Boards and AMS. Therefore, one of the main goals for the regional forecasting is to anticipate trends and changes of the County’s working age population, within the mid-term and long-term time span (2-3 years and up to 15 years). Such a forecast contains predictions regarding mortality, birth-rate, and migration.



For four years the County Labour Board in Scania has been using a regional analysis and forecasting system (rAps), which has been developed by the Swedish Business Development Agency (NUTEK). rAps is a multidimensional forecasting system using regional statistics regarding population, housing, the labour market, and regional economics. Unfortunately, this system will not become a standard over the entire country.

### **5.3 *Improving the Occupational Barometer***

The occupational barometer is a labour market tendency survey concerning around 200 occupational categories. The barometer gathers information in the form of soft figures, i.e. the assessments done by local recruitment officers are not quantifiable. Nevertheless, this survey is quite popular among political and administrative stakeholders, because it signals shortage respectively surplus in an effective manner.

Due to labour market changes over the past couple of years the shortage of experienced staff and newly qualified staff has rapidly declined. As a consequence, the regional stakeholders require more a forecast system that can quantify the development trends of labour force divided into occupations and into competencies. The discussions have started on both sides of the Oresund straight, but it will probably to be a long time before any real results will be seen.

### **5.4 *Ongoing Network Building with Other Stakeholders***

Every county has a Regional Competence Committee, founded in the late 1990s and assigned to improving the co-ordination of training programmes from different providers. The committees have representatives from the business sectors, employee organisations, municipalities, universities, university colleges, county councils, and labour market authorities; and they are expected to become important sources of information in the planning of vocational education. Their main tasks are:

- to identify areas where there is a risk for a shortage of labour, and
- to provide recommendations regarding long term education and qualification measures based on the regional and local labour market needs.

To tackle these tasks the County Labour Board in Scania has established different Branch Committees, linked to different industrial sectors. Every Branch Committee is represented in the Regional Competence Committee. Like the Competence Committee, these committees concentrate on guidance, and general education supply, but with special focus on the particular sector. They have a more active role in the identification of future areas where there are risks for shortages and bottlenecks – compared with the Regional Competence Committee – by more consequently using the results of labour market monitoring.

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## Labour Market Monitoring in Poland

*Iwona Kukulak-Dolata*

### 1 Introduction

The literature of the subject defines the process of labour market monitoring in different ways. Typically, the term means the tracing of quantitative and qualitative variations in certain numerical values. The labour market studies assume that monitoring aims to record the course of the market's processes by means of indicators.<sup>1</sup> Under this approach, monitoring itself is viewed as a systematic process of gathering, reporting, and interpreting data and information about a phenomenon or an object.

Therefore, some features of the process of monitoring can be formulated, i.e.:

- repeatable and cyclic in a determined period of time,
- with qualitative and quantitative analyses (including measurements),
- interpreting and sharing the results.

The existing monitoring system is expected to enable the assessment of labour market efficiency and to capture the sources of possible inefficiencies in order to remove them or to prevent their negative impacts. Such intended monitoring requires many pieces of information about all potential labour market players, i.e. the economically active persons, employers, the unemployed, economically inactive persons and within the latter group mainly those who are about to start seeking jobs.

In practice, many sources of labour market information can be enumerated, but only some are used to monitor and analyse the market. The most extensive information is held by statistical offices that receive data from enterprise surveys, questionnaire surveys of population, reports submitted by the public finance institutions and labour offices. This suggests that the leading role in this area could be played by public statistics (the *Central Statistical Office – GUS*), but we need to remember that public statistics operates data derived from specific statistical reports containing data gathered by other institutions mandated for the purpose by separate laws. This situation makes it impossible to indicate a single organisation responsible for the gathering, aggregation, and processing of all data with a view to labour market monitoring. Besides, the access to the primary data held by the various institutions depends on their data storage systems and thus on the possibility of data aggregation. Another factor is that data is frequently treated as proprietary and not supposed to serve public good. As a result, institutions rarely disclose information other than that they are legally bound to share.

Because of problems related to the monitoring of a broadly understood labour market, our discussion has been limited to the monitoring of the surplus and shortage occupations. We assume that the occupational aspect inherent in both the demand and supply side of the labour market is one of the major issues in labour market functioning. All persons ready to take a job (labour supply) have their individual occupational qualifications and each job (labour demand) requires a potential worker to have a strictly defined set of skills and knowledge, i.e. qualifications. The degree of consistency between the occupational structure of labour supply and labour demand is therefore meaningful for the labour market

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<sup>1</sup> Analysis of Effectiveness of the Labour Market Programmes (1995): Kołodziejczyk, P. (ed.), National Labour Office, Warsaw, p.164; Kabaj, M. (2004): Unemployment-Combating Strategies and Programmes in the European Union and Poland, Wydawnictwo Naukowe SCHOLAR, Warsaw, p.243.

condition. On that account, a labour market analysis focussed on the consistency of occupations and qualifications on both sides of the labour market may provide important arguments for the educational policy and occupational improvement, retraining of the unemployed, streamlining of job placement and vocational guidance system, and smoother implementation of special programmes aimed to activate the long-term unemployed workers.

## 2 The Origin of Monitoring in Poland

First attempts to monitor the labour market emphasised analyses of the shortage and surplus occupations being a tool enabling to investigate the market. In 1992, when a new labour office system was being established, the possibility of including labour market monitoring by occupation into the system was considered. However, because the labour market statistics showed considerable deficiencies (it missed the occupational cross-section), it was decided to give up the obligatory character of the activity. Nevertheless, with the improving and extending labour market statistics (in the first place the structure of job seekers and job offers by occupation was added), several labour offices attempted voluntary surveys in the area. Between 1994 and 1997, the research was pioneered by the Voivodeship Labour Office in Poznań that established a comprehensive system for monitoring occupations and then operated it until 1997. After 1998, only some labour offices in the voivodeship<sup>2</sup> incorporated selected aspects of monitoring in their surveys. In 1996, the Inter-Commune Job Counselling and Guidance Centre launched similar monitoring-related activities in Silesia. Between 1997 and 1999, the centre implemented a system for monitoring the shortage and surplus occupations that covered several neighbouring mining communes located in the former voivodeship of Silesia.

Recognizing the tool's usefulness for the labour market surveys and the need for its application, in 1995 the National Labour Office initiated a relevant project. As a result, a monitoring system was established, with an appropriate algorithm that was distributed among the labour offices in 1997. Since the offices were not obliged to use the algorithm in their regional or local labour market surveys,<sup>3</sup> its practical use was very limited.

It is worth remembering that all monitoring activities utilised primarily statistics held by the labour offices that missed some labour market developments. Above all, the statistics did not allow full identification of skills demanded by employers. In order to fill the gap, in 1996 the Central Statistical Office initiated labour demand surveys covering enterprises with more than nine workers. The observations were initially conducted on an annual basis and then biannually. The two-year gap between surveys limited their usefulness and additionally the surveys disregarded micro firms (with less than 9 employees) that recruit new workers or dismiss their existing staff the most often. Such surveys should be conducted on a regular basis, preferably every six months. For the above mentioned reasons, with respect to monitoring the GUS surveys were viewed as an enhancement of the database.

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<sup>2</sup> Voivodeship - the largest unit in the administrative division of Poland. Lower tiers are represented by counties (powiaty) and communes (gminy), respectively.

<sup>3</sup> Sadowski, Zd., Radowicz, W., Łukaszewicz, B. (2004): Monitoring of Occupations as a Method of Verifying the Labour Demand Forecasts, Specific Targeted Research Project PCZ no. 006 23 System of Forecasting the Demand for Labour (typescript) Łódź, p.44.

From 1998, also the Government Centre for Strategic Studies and the Inter-Ministry Unit for Labour Demand Forecasting took interest in the shortage and surplus occupations monitoring process (the agencies do not exist any more) and the institutions were requested to develop medium-term and long-term forecasts of the demand for labour by occupation. In their case, monitoring was recognised as an important tool allowing the adjustment and verification of the forecasted demand for labour. Today a Łódź University team, whose members participated in the Inter-Ministry Unit, is working on the monitoring system.

Poland's entry to the European Union modified the scope of tasks entrusted to the *Public Employment Service (PES)*. One of the changes made it obligatory for the *County Labour Offices (CLO)* to monitor the shortage and surplus occupations. For this purpose, the CLOs are supposed to apply the method originally developed by the National Labour Office and then modified by the Ministry of Economy, Labour, and Social Policy.

### **3 Monitoring of the Shortage and Surplus Occupations in Poland after 2005**

#### **3.1 The Scope of Monitoring and Sources of Information**

As we already indicated, the system of labour market statistics operated in Poland does not allow to capture all market developments. Since the 1990s of the last century, the fundamental problem of Polish economy has been the high unemployment with its economic and structural sources. The measures that the state applied to limit the number of incidents of economic deactivation do not bring the expected results. A frequent reason for the persisting unemployment is an inconsistency between the structure of education and the demand for workers. Many schools educate potentially unemployed school-leavers whose only chance for getting a job lies in additional training. This makes proper coordination between the system of education and economy's needs so important. Obviously, vocational education is only profitable, when it serves the economy, when work done by persons with specific qualifications is productive, and adds value. The method developed at the Ministry of Economy, Labour, and Social Policy in 2003 allows to track numbers of unemployed persons, job offers and numbers of school-leavers.<sup>4</sup> For the sake of the method, the monitoring of the shortage and surplus occupations was defined as a process of systematic observation of developments relative to the formation of labour demand and labour supply by territory and occupation, followed by the formulation of opinions, conclusions and short-term forecasts to ensure smooth functioning of a training system for the unemployed and of a vocational training system.

In the first half-year when the shortage and surplus occupations are monitored, the following groups of information are gathered:

- CLOs' data on the unemployed workers and submitted job offers by occupation and speciality and according to the Polish Classification of Activities (PCA);
- information derived from surveys of enterprises, indicating the current level of employment and the anticipated recruitment and dismissals of workers over the next year;
- information based on surveys of schools above the lower-secondary level, indicating the expected number of school-leavers by occupation in a given school year.

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<sup>4</sup> Methodological Guidelines for Monitoring the Shortage and Surplus Occupations (2003): Labour Market Department, Ministry of Economy, Labour and Social Policy. Warsaw.

The scope of the gathered data is expected to be extended, when the monitoring system is further developed to include:

- press information about job offers by occupation,
- information based on the follow-up of school-leavers' careers.

In particular, the implementation of the shortage and surplus occupations monitoring system will enable to:

- identify the directions and intensity of changes affecting the structure of occupations and qualifications on the local, regional, and national labour markets;
- establish a database that will allow to prepare future structures of occupations and qualifications for the local, regional, and national labour markets;
- adjust the level, structure, and content of vocational training on a current basis;
- specify the desired types of training (this particularly concerns the labour market institutions, including training organisations);
- streamline job placement and job counselling services; and
- improve the efficiency of execution of special programmes addressed to various risk groups on the labour market.

### **3.2 Frequency of Monitoring and its Results**

Findings provided by the monitoring of the shortage and surplus occupations are reported on three levels, i.e. for a county, voivodeship, and the entire country. A report can be composed of two parts – a diagnosis and a forecast. Its character and structure depend on the survey period. Because observations are biannual, the monitoring activity captures data on the first half-yearly period (i.e. on the inflow of unemployed workers and job offers between 1<sup>st</sup> January and 30<sup>th</sup> June and the numbers of unemployed workers and job offers as of 30<sup>th</sup> June) and then on two half-yearly periods (the inflow of unemployed workers and submitted job offers between 1<sup>st</sup> January and 31<sup>st</sup> December and the level of unemployment and job offers as of 31<sup>st</sup> December).

*Half-yearly reports* analyse the shortage and surplus occupations (by county, voivodeship, and the country) in the first six months of a given year and they are built on data derived from the MGIP 01 forms (MGIP – Ministry of Economy and Labour) filled in by the CLOs and its Annexes 2 and 3. *Reports for the first six months of a year are diagnostic.* Annex 2 includes data on unemployed workers (taking into account their most recent workplace classified by type of activity (PCA) and similarly structured job offers. Annex 3 concerns information about unemployed persons and job offers by occupation and speciality. The monitoring system covers 30 large groups of occupations (distinguished by a two-digit code) and 387 elementary groups (with four-digit codes).

Monitoring activity spanning the first six months of a year allows to examine:

- the structure of inflow into unemployment by group of occupations (with indication of workers' sex and school-leavers),
- the structure of inflow into unemployment by activity (according to PCA),
- the structure of submitted job offers by occupation,
- the structure of submitted job offers by activity (according to PCA),

- the rate of occupation's surplus/shortage intensity ( $w$ ),<sup>5</sup>
- probability rate of employment in an occupation,<sup>6</sup>
- long-term unemployment rate for an occupation,
- ranking of the *shortage* occupations by the rate of occupation's surplus / shortage intensity, and
- ranking of the *surplus* occupations by the rate of occupation's surplus / shortage intensity.

County Labour Offices submit completed half-yearly reports to their respective Voivodeship Labour Offices that use them to compile voivodeship or regional reports that are then presented to the Minister of Labour responsible for drawing up a national report on the shortage and surplus occupations.

*Annual reports* have a broader scope, as they *comprise both a diagnosis and a forecast*. The diagnostic content corresponds to the half-yearly reports discussed above, with the exception that annual reports provide data on unemployed workers and submitted job offers for the entire calendar year.

The prognostic part is made up of the results of questionnaire surveys conducted in enterprises and schools above the lower-secondary level. Surveys are run each November and the tool they use is a questionnaire form developed by the Ministry of Labour.

Enterprise surveys serve the purpose of gathering information on:

- employment in enterprises and changes in the workforce implemented in a given year,
- plans to recruit and dismiss workers by occupation in the next year (including the school-leavers); and
- reasons for the expected changes in the workforce.

Samples of enterprises to be surveyed are assembled by statistical offices that use for the purpose the register of businesses (REGON) kept by the Central Statistical Office (GUS). To make a sample representative, aspects such as ownership sector, so called PCD section, communes where enterprises are located, and enterprise size have to be taken into account.

The school survey aims to gather information about the number of school-leavers who completed their education in the current year and the predicted number of school-leavers in the next year (both by occupation). The survey covers all schools above the lower-secondary level located in a given county and its findings characterise the populations of school-leavers according to the following criteria: an occupation, the type of school, a commune.

Information presented respectively in the diagnostic and prognostic part allows to forecast the level of unemployment in an occupation as of the end of year  $t+1$  and to predict the rate of occupation's surplus / shortage intensity in year  $t+1$ .

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<sup>5</sup> Rate of occupation's surplus/shortage intensity ( $w$ ) is a quotient of the average monthly number of registered unemployed in occupation  $k$  in first six months of a year and the average monthly number of submitted job offers in occupation  $k$  in the same period. It is assumed that occupations with  $w$  taking values below 0.9 are surplus occupations; those with  $w$  larger than 1.1 are in surplus and when  $w$ 's value is between 0.9 and 1.1 such occupations are viewed as balanced in the labour market.

<sup>6</sup> Probability rate of employment in an occupation is a ratio of the average monthly number of job offers in a given occupation to the average monthly number of unemployed workers in a given occupation. The higher its value than 1, the higher probability of getting a job.

The predicted level of unemployment as of the end of year  $t+1$  is calculated as the difference between the number of unemployed persons in a given occupation as of the end of year  $t$  and the anticipated number of recruited workers in a given occupation in year  $t+1$ .

To calculate the rate of occupations' surplus / shortage intensity in year  $t+1$ , the supply of labour in year  $t+1$  has to be forecasted. The labour supply is calculated for individual occupations by adding up the number of jobless workers at the end of year  $t$ , the number of predicted dismissals in year  $t+1$  and the predicted inflow of school-leavers in year  $t+1$ . The intensity rate is a quotient of the anticipated number of workers recruited in a given occupation in year  $t+1$  and the assumed labour supply in year  $t+1$ .

The annual report closes with conclusions based on the analysis of the shortage and surplus occupations identified for a given local labour market.

### **3.3 Beneficiaries of the Monitoring System**

The main recipients of reports discussing the shortage and surplus occupations are:

- the County Labour Offices,
- the Voivodeship Labour Offices,
- the Ministry of Labour,
- an institution forecasting the demand for labour,
- the educational authorities at all levels,
- management of schools above the lower-secondary level and scientific / research institutions,
- training institutions, and
- other interested central government and local government agencies
- as well as socio-political organisations.<sup>7</sup>

## **4 Perspectives of Labour Market Monitoring**

The observation at the local labour market shows that in some shortage occupations the number of unemployed workers is growing. This phenomenon requires additional and detailed research in order to recognise its cause. Are the reasons for insufficient occupational skills of the candidates, their personal traits, or perhaps their lack of proper motivation to work?

It is accepted vocational schools' curricula need to be modified. The data indicate that among the unemployed workers prevail salespersons, economic assistants, tailors and cooks. The same occupations are characteristic of workers seeking jobs longer than 12 months and quite frequent among persons seeking registration as unemployed within 12 months from the completion of school education. In other words, the system of education is unprepared to satisfy the labour market needs and simply enlarges unemployment among persons with certain occupations and specialities.

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<sup>7</sup> Methodological Guidelines for Monitoring the Shortage and Surplus Occupations (2003): Labour Market Department, Ministry of Economy, Labour and Social Policy, Warsaw. p.8.

In our opinion actions launched within the local educational policy should be coordinated with the prospective demand for workers. This approach requires forecasts of the demand for labour force in the region to be developed. The labour office data cannot be the only source of information supplying the forecasts – appropriate questionnaire surveys have to be conducted to investigate employers' demand for particular groups of occupations, with a clear indication of skills expected from future workers. Therefore, the activities will be concentrated on the investigation within the confines of monitoring labour market.

Proper coordination of the labour market and vocational training activities requires a systematic cooperation among several partners: employers, educational institutions and the local government.

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## **The Labour Market Monitoring System in Bulgaria – Present Situation and Perspectives**

*Mirena Stavreva*

### **1 Introduction**

Regarding the system of labour market monitoring in Bulgaria one has to realise the fact that the current system is centralised at national level and that there is a need for modernising the existing system. The objective of this article is to present a general overview of “the old situation” in the labour market monitoring in Bulgaria, its development and future perspectives.

In the next section the general objectives of the Regional Labour Market Monitoring will be highlighted. In addition, is presented the institutional framework of the system. The third section focuses on the structure of the current labour market system, its functioning and centralised character. The fourth section presents a typical example of Regional Labour Market Monitoring, based on data for unemployment, allocated in 28 regions in Bulgaria. The fifth section focuses on the implementation of new technology in monitoring of labour market with special attention on the future perspectives in compliance with European requirements of the EURES network (EURES = European Network of Public Employment Service). The last section presents a brief conclusion.

### **2 General Objectives of Regional Labour Market Monitoring in Bulgaria**

Monitoring of the regional labour markets is considered to be a guarantee for increasing the employment and providing reliable information for efficient employment and social policy. Within the last several years, the labour market policy in Bulgaria is characterised with dynamic processes due to the transformation from centralised into free market economy in the country.

That process brings new challenges for the labour market in Bulgaria. On the one hand, there are changes in the companies' structures, managements, transformation from state-owned into private companies which determine dynamic change in the labour demand. Furthermore, new companies have been established demanding employees with higher or specialised qualification. On the other hand, the number of registered unemployed persons is inconstant and difficult to be predicted. In addition, prequalification and vocational training of some of the job-seekers are required in order to become competitive on the labour market. In that aspect, the policy is aimed to provide both – active approach with employers and consideration of individual needs of the job-seekers.

The main objective of the labour market policy is an increase of employment and continuous decrease in unemployment, accompanied by reaching a balance between the supply and the demand of labour force throughout efficient labour mediation at the primary labour market, implementation of programmes and measures for employment and training as well as professional qualification of unemployed and employed persons.

The National Employment Agency (NEA) in Bulgaria has a leading role in implementing the governmental policy in the scope of employment promotion and monitoring of labour market at national, regional, and local level. NEA is a state institution to the Minister of Labour and Social Policy which main task is to conduct the state policy for promoting employment and monitoring the labour market. It was founded by a government decree in 1990 and has the authority to fulfil the governmental policy as follows:

- employment promotion;
- protection of the national labour market and agreements for work abroad;
- professional information and consulting;
- vocational and motivational training of unemployed and employed people, and
- mediation services for job seekers.

NEA is responsible for training and a range of employment measures, all aimed at giving people skills, knowledge and opportunity to work. The objectives of these activities are to develop human resources, support lifelong learning, employment, and social development in Bulgaria, enhance the management and competitiveness quality, and contribute to the social and economic transformation of the country and its preparedness as a new member state of the EU.

The active employment promotion policy, implemented by NEA includes activities oriented towards providing jobs on the primary labour market, implementation of programmes and measures for employment and training as well as vocational qualification of unemployed and employed persons.

### **3 The Structure of Labour Market System as a Pre-Condition for Monitoring**

It should be highlighted that the labour market system in Bulgaria is centralised – from the national level to the regional and local. Moreover, it functions in hierarchical interdependence. The National Employment Agency monitors the labour market at central level and directly controls the regional labour directorates in the 28 districts in Bulgaria and the 108 labour offices. There are three levels of monitoring of the labour market:

*Central / National Level:* The central administration of the National Employment Agency monitors the labour market activities on the territory of the whole country throughout its regional structures – 9 labour directories and 108 labour offices. NEA summarises the data for employment and unemployment, job-seekers and vacancies at national level. In addition, it provides administrative control over the activities of its regional structures.

*District Level:* The 9 labour directorates monitor the activities of the labour offices in their local districts. Each directorate includes 3 territorial districts. In total, the regions are 27 plus the Sofia city that is a separate region, 28.

*Regional / Local level:* 108 labour offices monitor the activities in the region. Their main function is to provide mediation services for job-seekers and for employers. In that aspect, they keep a track of vacancies, give career consultation, information and guidance to the job-seekers, professional and motivational training, enrolment in employment programs and measures. Furthermore, labour offices provide services for employers, inclusive such as preferences and bonuses for maintaining or increasing of employment. The main advantage of the services provided by the labour offices, despite the fact that they are free of charge, are the social benefits which the registered unemployed receive monthly.

Another main function of the labour offices is to conduct research and observation of the labour market in order to prepare analysis and forecasts on the state of affairs and trends in the development of the local labour market.

The figures regarding employment and unemployment in the region are registered initially at labour offices. Each of the 108 offices in the country provides monthly data regarding the following indicators:

- registered unemployed, period of registration (long-term = over 6 months, short-term = less than 6 months), structure of the unemployed by sex, age, occupation, and education;
- registered unemployed during the last month;
- vacancies occupied during the month;
- number of unemployed with dropped out registration during the month;
- number of unemployed for vacancy;
- registered employed persons;
- registered students;
- registered retired persons;
- number of unemployed people; and
- employed under employment programmes, measures, and trainings.

#### **4 Labour Market Monitoring in Bulgaria – A Typical Example**

Regional Labour Market Monitoring in Bulgaria means to collect data describing figures concerning employment and unemployment. The registered data in the labour offices is summarised in the labour directorates and then sent to the directorate “Analyses and Information” of NEA where it is summarised at national level every month, for the period of three months and annually. The annual information is published in a booklet and is available to the public.

The last annual monitoring report of NEA shows that the average annual unemployment level (unemployed per 100 economically active persons) has reached its lowest level for the last nine years 11.46%. In comparison with the last year there is a decrease of 1.21%.

In regard to the territorial distribution, the level of the unemployment remains ranging within large limits in the different districts in the country, but at lower levels compared to those of 2004. The level of unemployment in 8 districts is lower than the average in the country and in the rest 20 districts it is over the average, as in Kjustendil and Russe districts it is very near to the average in the country. The trend for the previous years remains – the lowest level of unemployment was recorded in Sofia 3.07% and the highest one 24.82% in the district of Targovishte. The difference between the lowest and highest recorded level of unemployment has decreased compared to 2004 and reached the level of 21.75%.

The trend for decrease of unemployment continues in 2006. In the month of September the registered unemployment level in Bulgaria was 8.44%. The tangible drop might be explained with the stable economic development in the country and the increasing number of foreign investments due to the accession of Bulgaria in the EU. In addition, significant number of unemployed persons have been involved in programmes with national and international funding. However, there is still divergence in the level of unemployment in the different districts as it was in 2005.

**Table 1: Unemployment Level Distributed in 28 Regions of Bulgaria (for 2005)**

Districts	%	Districts	%	Districts	%
1. Blagoevgrad	8.70	11. Lovech	13.92	21. Smolyan	15.74
2. Burgas	7.05	12. Montana	22.41	22. Sofia City	3.07
3. Varna	8.13	13. Pazardzik	15.41	23. Sofia District	12.21
4. Veliko Tarnovo	13.17	14. Pernik	10.48	24. Stara Zagora	10.23
5. Vidin	20.94	15. Pleven	15.12	25. Targovishte	24.82
6. Vratza	18.66	16. Plovdiv	9.91	26. Haskovo	12.78
7. Gabrovo	6.50	17. Razgrad	19.30	27. Shumen	19.17
8. Dobrich	13.25	18. Russe	11.72	28. Yambol	16.27
9. Kardzhali	12.06	19. Silistra	16.25		
10. Kyustendil	11.66	20. Sliven	15.70	<b>Country Average</b>	<b>11.46</b>

NEA, through its regional structures conducts surveys for the future labour force demand. The survey is conducted by establishing contacts with the employers in the region and collecting information regarding the future perspectives for companies' development. In parallel, there are consultations with the district administration and social partners. For the authenticity of the information written statements by the employers are requested for the expected vacancies for the next year. That is to say that NEA has close relations with the national employment organisations' representatives regarding the specific branch requirements in elaborating training programmes. Moreover, direct contacts are made with employers concerning specific vacancies. As a result, the demand for vacancies, stated by the employers and the based on it list with concrete professions is in compliance with the labour market demand in the region.

## **5 Perspectives of Regional Labour Market Monitoring in Bulgaria**

Two main points should be stressed on regarding the current situation of the labour market monitoring system in Bulgaria.

(1) As mentioned before, we should focus on the fact that the system is currently centralised at national level. However, a regional monitoring system should be developed in compliance with the European Union standards. It might be based on the good practices developed up to now and the models of some of the EU member states that match best to the requirement of the Bulgarian system.

(2) The other main point is the need for updating and modernising the existing system. The current system of reporting summary information is not able to provide reliable data on activities and services and could not be used for effective policy formulation, monitoring, planning, and measurement. The NEA started its approach to build an information system since 1992. However, the system was not carefully specified nor did it include a basic structured methodology in its evolution. The applications development was based on old

technologies and dispersed local databases. Furthermore, the databases are not able to capture or report on monitoring the existing data, and do not comply with the European technological requirements for joining the European Network of Public Employment Service (EURES).

In that aspect, at the present moment NEA is implementing a project called "National Database for the Labour Market and the European Investment Fund". It is envisaged training of 120 system administrators and 300 users from the labour offices until to April 2007.

At present an architecture strategy has been adopted and a set of functional specifications has been developed together, with a revised database structure in order to create an integrated software application that supports it. At the same time an essential requirement, which has to be met also is to incorporate all existing functional and report opportunities, functional specifications, and characteristics of the existing systems into the new integrated application.

The new application must be capable of integrating data collection into one database, and of applying a unified reporting system for NEA and all regional structures. Furthermore, the solution must be capable of reporting on programme aspects of the European Union funded projects by support of programmes and measures, as well as to fulfil the EU requirement that should be met once the country joins the European Union. This also imposes another requirement for the NEA, which is to join the European Network for Public Employment Services (EURES) as part of the requirements of the European Community and promoting the free movement of people within EU member states in the light of objectives of the European Year of Workers' Mobility 2006. In that aspect, all the information registered at the National database in NEA should be accessible from all public employment services in the member states.

These new objectives will be achieved by the development of a national database system and the relevant integrated software applications. The vision is to implement one centralised database system, which can be utilised from every office of NEA, using the unified web-based approach for all offices. In that way, the information for the registered vacancies and job-seekers will be available from regional till national level. In comparison, all labour offices until now had their own database, which was communicated to the other offices only by e-mails. In addition, control over the social security payments will be strengthened as any person with an existing registration in any labour office who tries to register in another office at the same time will be automatically thrown out from the system.

Moreover, the system is intended to exchange information among different administrations (central and regional / local). To allow the flexibility and independency, a new software will be developed. The aim is to extend the range of data, to provide additional information for the labour market and to respond to the EU requirements for labour market monitoring.

The new integrated information system will be deployed in stages. Firstly the national database centre will be implemented along with one pilot region. During the pilot period the new system will work together with existing applications. The second stage will be to expand the new system to national level. Thus the NEA will replace all the previous and diverse applications with the new one integrated system.

The following major functions and related subsystems will be part of the system. They represent the main fields of activities:

- Registration of the Job Seekers,
- Employment Mediation,
- Programmes and Measures,
- Training and Education,
- Monitoring,
- Accounting and Payments,
- Customer Complaint Management, and
- Supporting Functions.

The monitoring activities are intended to compare whole data and include it into a system for reporting, analysing, and processing all data available for a certain period, using statistical methods for reporting, planning, and forecasting.

## **6 Conclusion**

In Bulgaria, we are looking forward to the implementation of a new system regarding monitoring activities. Thus, its functioning in near future will contribute improving the results of labour market monitoring, updating the methods, and speeding up the preparedness of the country as a new member state in the European Union.

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## **Studying Relationships between Employment and Training on a Regional Level**

*Bénédicte Delneste / Guy Sapin*

### **1 The Emergence of a Continual Assessment Programme of the Employment Market on a Regional Level within an Institutional Framework**

In France, the employment and training research institutes were created in 1988 in answer to a prior report by Lucie Tanguy called “the unknown relationship between employment and training”. Piloted by a multidisciplinary team (sociologists, economists, teachers, trainers, and professors), this report highlighted the fact that the links between the training systems and the employment market, in other words, jobs, were not simple, direct, appropriate links, but instead complex links strongly influenced by social, economic, and territorial factors.

The concept of “professional mobility”, “recruitment areas”, and the development of “block-release training” (specific training which mixes training and job) emerged from this period.

The target contracts signed between the professional branches of the regional councils and the decentralised state departments also resulted from this same period.

### **2 Concepts and Regional Differences**

The setting up of the employment and training research institutes in the different regions occurred simultaneously with the different decentralisation phases in training. This decentralisation process gave the regional councils the possibility to manage apprenticeship, training systems geared towards young people and to a larger extent, people with the least opportunity for employment.

Within this framework, the observations made on the socio-economic, demographic, and training systems must provide the elements required for decisions in matters of regional contract policies.

It is obvious after twenty years of existence, that these research institutes have not all followed the same type of development nor the same analysis strategies: regional exceptions and differences have played an important role.

In general, the following question remains unanswered: is it necessary to adapt training systems to satisfy economic demands and to look for a “balance”, or it is more a question of modelling the socio-economic environment based on the existing training systems?

It is also within this framework, that the question of skills acquired by individuals in the training systems is asked, as it highlights the principle of specific theoretical (knowledge) and practical (company or territorial) development.

### 3 Aims and Users

The territorial target contracts fix the development targets coordinated between the different professional training institutions such as *the state, the region, and the organisations representing the socio-professional categories* (professional branches and consular chambers).

In Burgundy, they now act as a reference for which decisions made between the partners are transformed into concrete actions and which will be implemented throughout the duration of this long-term contract.

On a regional basis, these are means to:

- forecast the requirements of companies in Burgundy as regards employment and qualifications;
- discuss with the branches and their regional representatives about their possibilities to solve the problems of recruitment for young people;
- think about all problems linked to professional training in order to coordinate training in the concerned territory in a much better way (school level, apprenticeship, training for the unemployed, block-release training); and
- define actions which contribute to the development of training in Burgundy.

These negotiated contracts deal especially with the following topics:

- observation of employment, qualifications and training;
- short term and long term professional training;
- promoting professions;
- career orientation;
- provisional management of jobs and skills; and
- validating skills acquired through experience, long term and correspondence courses.

For this reason the C2R Bourgogne (Centre Régional de Ressources pour le Travail, L'emploi et la Formation en Bourgogne) has an overall mission of providing skills, tools and assistance to professionals and regional decision-makers regarding employment and training and this prior to the negotiation and the signature of the target contracts. These introductory tasks aim to establish a quantitative and qualitative diagnosis for training and employment in the branch and to offer a prospective vision of developments and stakes. Thus, more than just a simple observation, they aim to identify the causes or origins of the situations observed and to suggest ideas for the conditions required in order to react more efficiently in areas of employment and training.

Consequently, the research carried out aims to:

- establish a diagnosis of the sectors concerned based on viewpoints from the following: economy, employment, careers, short-term training, recruitment, company personnel; (this diagnosis gives an overall view of the sectors and underlines the major stakes, it is based on the research, the observations and the existing work carried out by the profession);
- analyse in depth the major stakes for the years to come by underlining their influences on companies, careers, training human resources management, and work organisation;
- indicate the re-orientations and priority actions with a view to negotiating the contract of aims and objectives.



The C2R Bourgogne therefore constitutes a place of exchange and dialogue between the different people concerned in order to establish the bases of knowledge and shared diagnoses in the areas of employment and training.

#### **4 Data Used**

A large quantity of data has been collected, gathered, and organised to set up a diagnosis prior to negotiation and the signature of territorial target contracts. In this preliminary phase, two important categories of indicators have been studied:

- socio-economic indicators,
- training and recruitment indicators.

The first category aims at providing a panoramic view of employment in the sectors of activity concerned (i.e. those sectors involving the professional branch which signed the contract). A large amount of information relating to employment can thus be gathered:

- the framework of establishments and the activity of companies (production volumes);
- the principal characteristics of the population working in this branch (breakdown according to sex, age pyramid, level of qualification, the demand for temporary workers, and labour movements);
- the number of salaried and non-salaried workers in each profession and their level of qualification;
- an inventory and a census of the professions in this branch is carried out by using the index of the socio-professional jobs (so called PCS codes of the INSEE – National Institute of Statistics and Studies) that are then grouped into “professional families”;
- the movements of workers and part time workers;
- an analysis of job applications and job offers recorded in the branch; and
- the identification of possible problems in recruitment (labour requirements).

In the second part, the training and recruitment indicators are studied. As far as initial training is concerned, the number of training staff, the holding capacity of the training establishments, the flow of school leavers and examination results are collected. At the same time, professional training for the unemployed and for the workers is also studied. A training map is systematically added in order to integrate a territorial approach to the analysis. Finally, the surveys which are conducted amongst school leavers and adults who have completed professional training, conclude this part.

#### **5 Experiences of a Prospecting Process – The Building and Public Works Sector**

In Burgundy, when the preparatory work was being carried out for the “Building and Public Works” branch, a third part was added to the inventory presented above. Its goal was to analyse the relationship between jobs and training by using a prospecting process. This study aimed to evaluate the requirements for renewal in qualified labour for the Building industry and to confront it with the response from the initial and continued professional training sector. The study examined 13 different professions (e.g. masonry, tiling, carpentry, roofing, plumbing, electricity) and this, according to level of qualification.

This prospecting exercise, based on a questionnaire devised by everyone involved in the project and organised into different career groups, was distributed amongst the building industry companies. They were asked to identify their recruitment and renewal strategies, and then asked to look at the subject of prospects in careers and training. This company questionnaire was carried out at the same time as an economic forecasting study (following the prospects for growth in the different career groups) by the regional economic committee for the building sector.

The main aims of this work on prospects were to:

- validate economic forecasts up to 2010;
- highlight the developments in the activity;
- underline the possible shortages in job renewal and the employee age pyramid by forecasting the number of feasible jobs;
- show the recruitment strategies implemented in order to remedy the shortages in labour in some of the professions; and
- identify the training areas which should be promoted as a result of the lack in skills found amongst some of employees depending on their level of professional experience.

## **6 Future Perspectives**

The observation of the relationship between training and employment today constitutes the core of our activity at our resource centre. The target is to be able to provide our main partners with answers to their questions: the state, the region, and the professional branches. Being able to satisfy their demands involves bringing training and professions together in the territory being studied which necessarily involves close collaboration between these two areas: jobs and training.

The study of the relationship between jobs and training should particularly provide an opportunity to:

- carry out pertinent territorial diagnoses,
- integrate the notion of a sector or a branch, and
- compare the regional levels with that of the national level.

The task of bringing training and recruitment together can not be limited to a simple ratio between training and jobs. In fact, the links between training and recruitment can either be fairly flexible (especially when it concerns general training) or extremely well-organised.

However, any type of training, regardless of what it may be, must provide objectives and results. It can thus be related to one or several of the following criteria:

- according to the specific discipline where it is registered (register of specific training),
- according to the profession obtained as a result of the training: codification in the operational list of professions (so called ROME) used by the national job centre (ANPE)
- according to the job found on completion of the training (recruitment survey): in this case it is the profession or socio-professional category attributed in the company (PCS code used by the INSEE – National Institute of Statistics and Studies).

Obviously, in France, tools for analysing the relationship between jobs and training already exist. For example, the professional families (so called FAP) represent some of the main registers of professions. They were created as a result of combining the register of professions and socio-professional categories used by the INSEE (National Institute of Statistics and Studies) which gives codes to each profession and the operational list of professions (ROME) used by the ANPE (national job centre) which gives codes to job applications and job offers. The FAP registers group together the professions which require skills on the basis of similar “professional gestures”.

The aims of this process are to meet the project leaders’ requirements by providing them with a chart of professions allowing them to analyse job market data coming from different sources. In so doing, the FAP registers offer the opportunity to study both recruitment and unemployment simultaneously by using the same system of references for jobs.

By using the FAP registers, one can, for example, identify the types of jobs which are likely to be offered on the job market, analyse the problems which exist between job offers and job applications, highlight the decisions regarding training whether it concerns young people or job seekers, understand the logics of career paths and career mobility, evaluate the impact of the measures for employment aid or the consequences of ageing on the working population in terms of recruitment.

Studies carried out by the OREF (Observatoires Régionaux Emploi-Formation = regional study centre focussed on relationship between employment and training) and the different French regions are currently underway to develop tools which could be used to better understand the links between training and recruitment in order to provide a more well-adapted contact between recruitment and jobs and the training systems.

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## The Labour Market in Italy – A Highly Debated and Controversial Reform

Marco Ricceri

### 1 Premise

For many years, Italy's labour market has undergone a series of reforms under both centre-left wing governments and centre-right leadership, as well as the regions and the labour unions. The real turnaround took place towards the end of the 1990's with a series of organic reforms known as the "*Treu Packet*" of 1997, named after Prodi's centre-left labour minister. This was followed by the fundamental law of reform number 30 of 2003 promoted by Berlusconi's centre-right government. These innovative and radical reforms have stirred up a great deal of controversy and have been one of the main political issues for both coalitions during the recent political elections of 2006. Among the issues debated, the issue of labour held centre stage for all party campaign platforms.

Behind both the 1997 centre-left and the 2003 centre-right provisions was the figure of Professor Marco Biagi, an economist from the University of Modena who was acting as a consultant to the government. Because of his key-role in the renewal of Italy's labour laws, he was assassinated in Bologna in 2003 by Red Brigade terrorists, an extremist political movement. It is no coincidence that the fundamental law of labour market reform in Italy bears his name. In spite of its inadequacies, workers and public opinion alike refer to it as the "*Biagi Law*".

In order to understand the importance of the provisions of this law, we must remember that Italy registered the worst employment-unemployment, mobility and labour training figures in Europe during the 1990's. Italy's labour market has always been weighted down with rigidity resulting from political and union conflict – especially during the 1970's. These, in turn, had led to the creation of a system of guarantees which were viewed as social progress but also as a means to control and restrict business activity and temper political initiatives.

Italy's labour market in the 1970's had very clear historical and political motivations but started to show its limits when the national economy had to deal with the profound changes and pressures of the international market and globalisation as well as with the changes of the European system. Italy found itself unable to adapt to the new conditions of development on the European and international scenario. The strong political and institutional crisis which hit Italy between the 1980's and 1990's – a crisis which signalled the move from the so called "*first republic*" to the "*second republic*" – took its toll further impeding Italy to respond to the changes taking place in Europe and around the world.

When, compared on the international front, Italy's economy has lost its dominance and its productive capacity has been diminished significantly, in order to respond to the crisis, Italy's economic system treated mostly three main solutions:

- the traditional solution of keeping employees salaries low,
- transferring operations and productive plants to lower cost economy, and
- incrementing the black market economy and all the areas of the so called underground economy.

It is in this context that the need to change direction and alter the regulatory mechanisms of the labour market were unanimously recognised by all the political and social players of the 1990's opening a new chapter in labour reform.

## 2 Steps towards a Labour Market Reform

### 2.1 The “Labour Pact” (1996) and the “Treu Packet” (1997)

The “*Labour Pact*” was signed on the 24<sup>th</sup> of September 1996 by Prodi’s centre-left government in accordance with the labour unions and entrepreneurial associations. The document was designed to address the “*employment emergency*” through a series of structural reforms of the labour market, schooling, and professional training. The pact, fruit of a new way of governing, was created by “consensus” calling on the institutions and social parts to jointly identify the problem areas and assume responsibility for their actions in the pursuit of pre-established objectives. Between 1997 and 1998, a series of innovative provisions for employment and labour were approved. For the first time in Italy, the “*Treu Packet*” (law number 196 of 1997) introduced, for instance, the interim-temporary employment and called for the end of Italy’s public employment agencies paving the way for private placement and recruitment agencies. The “*Labour Pact*” and “*Treu Packet*” were the first important step towards the radical changes put forward with *Biagi’s law* of 2003. It is interesting to note how Prodi’s government pushed for these reforms in the light of an “emergency” striking Italy’s productive and labour base calling for “new” types of contracts for young people, “new” conditions for greater flexibility in demand and supply of labour, and “new” measures to promote entrepreneurship.

With these measures, Prodi’s government was also responding to the commitments outlined at the summit of fifteen European Union countries held in Luxembourg in 1997 to promote a common European strategy to increase employment based on the four “*pillars*” of employment, entrepreneurship, adaptability, and equal opportunity.

The “*Treu Packet*” signalled also a profound decentralisation of the labour market by assigning competences to the regions and local entities in service management leaving the central administration the role of guide, guarantor, and controller. This decentralisation precedes and continues to work in parallel the reform of title number V of Italy’s constitution, promoted by Minister Bassanini and approved with the law number 3 on the 18<sup>th</sup> of October 2001, which introduces elements of federalism. “*The reform of the public administration in a federal sense,*” explained minister Bassanini, “*will favour a greater sense of responsibility on behalf of the institutions closest to citizens and will help develop the role of the economic and social players at a local level*”.

### 2.2 The “White Book on the Labour Market in Italy” (2001)

The *Biagi Law* of 2003 was also introduced with the approval of two important documents of a strategic and political nature: the “*White Book on the Labour Market in Italy*” of October 2001 and the “*Consensus Pact*” between government and social entities of 5<sup>th</sup> July 2002, later known as the “*Pact for Italy*”.

Published on behalf of the Ministry of Labour, the *White Book of 2001* illustrates the innovative and complex strategy of Professor Biagi and the government proposals for an “*active society and quality labour*”. The document outlines two precise objectives:

- The first objective was designed to answer the recommendations made by the European Union to Italy since 1998 (process of Luxembourg) to adopt more concrete, innovative, and efficient labour policies than in the past and to move in the same direction of development and employment defined by the European Council of Lisbon in 2000 and in the following European Council of Stockholm.

- The second objective was designed to involve “*all the institutional and social players*” in the analysis of projects which the government would take as a reference and starting point for the process of reform. The innovative and often radical nature of these proposals required all institutions and social entities to address the issue and express their directives and assume responsibility for actions undertaken.

Italy's chronic inability to improve the characteristics of the labour market was the cornerstone of the document. Italy was described as the “*European country with the lowest overall employment and female employment rate. It has the highest level of long-term unemployment and at the territorial level, is characterised by too diverse economic development rates*”. The social dialogue which followed the agreements of 1984, 1992, and 1993 had lost its force and declined into “*sterile and inefficient confrontation*”. The government's strategies were not only to improve growth and employment but also to enhance social dialogue. Having listened to the opinions of all the parties, the government declared itself ready to modify and alter its initial proposals but in all cases to assume concrete steps with the final decisions made by the Parliament. The *White Book of 2001* addressed all the issues – new policies, new instruments and new rules – which would then appear in the law of reform in 2003.

### **2.3 The “Pact for Italy” (2002)**

“*The Pact for Italy – Contract for Labour*” on 5<sup>th</sup> of July 2002 was also based on new labour policies set out at the European summits of Lisbon and Barcelona where “*dynamic economies and social justice must walk hand in hand*”. Competitiveness and social inclusion should work towards a shared objective of appreciating human resources by offering higher rates of regular employment. “*The competitiveness of the country will mean removing obstacles to new employment, investing in innovative products, training human capital, and fostering companies' growth.*” Furthermore, the pact foresaw legal provisions to be negotiated between the government and social entities in matters of income policy, for the building of a welfare to work state, for employment and recruitment services, incentives for companies, experiments to reinforce regular employment, social dialogue, and the reduction of territorial inequalities. The weak point of the document is of a political nature. All the trade and business unions of Italy adhered except for the “*Confederazione Generale Italiana del Lavoro (CGIL)*”, which happens to be the largest Italian trade union. This forced the government to approve provisions of law in the parliament in a climate of heavy contrasts. Added to this was the psychological burden of the assassination of Professor Biagi in Bologna on the 19<sup>th</sup> of March 2002.

### **2.4 The “Biagi Reform” (2003)**

The Biagi Reform contains a series of overlapping provisions which, to this day, have only been approved in part. The main provisions which have been approved are: the delegation law number 30 of 2003, legislative decree number 276 of 2003 to be integrated the following year 2004 by a further legislative decree number 251. The central point of the reform is the rationalisation and functioning of the entire Italian labour market in order to address the new demands of economic growth and meet the new European objectives.

The law number 30 contains three substantial novelties: for the first time in Italy, private placement services are given the right to place workers in all types of employment allocations, temporary and permanent, in order to overcome the inefficient public system; a national employment agency is created; contracts are redrafted to promote flexibility, mobility, regularity, and training of Italy's labour force. The law attempts to build a system of guarantees and instruments to favour the employment of every single worker and to

enhance the contribution of every person, of any age or sex (human capital). Every worker should be able to sign a contract which is most coherent with his work demands. The vast area of underground employment should emerge from the shadows and contribute to the overall development programme. A highly efficient system of public and private services should favour the exchange of new production demands and those of workers and their families. But the law went one step further. The reorganisation of Italy's labour market will only be complete when two further provisions are approved. Even today, in 2006, these provisions designed to marry efficiency and social justice are on the table. These two provisions, underlined by *Biagi* himself are: a law to reorder the entire system of social shock absorbers and a law on the "*Employment Statutes*" (*Statuto dei Lavori*) which should modify the existing "*Statute of the Workers*" (*Statuto dei Lavoratori*) - law number 300 of 1970. The new statute would ensure a series of guarantees and welfare for all workers alike, whatever their employment. The proposal is a true "*Code for the Working Person*" fundamental to manage the needs and problems arising from the new and modern labour market which recognises a minimum set of rights for all workers and allows for differentiated protective discipline depending on the type of work.

As mentioned, the *Biagi Reform* has only been partially approved to date. However, the parts which have been approved are not watertight. The reform assigns an important decisional and management role to the regions and local administrations as well as to union leaders and their systems of hiring. Therefore, the success or failure of the reform is tied to the success of territorial and local level decision-making; in short to the effectiveness of decentralised decision-making. The year 2006 saw many regional variations on the theme. Negative aspects include delays on behalf of regional and local institutions. In accordance with the constitutional reform which assigns the regions a fundamental role in labour policies, the *Biagi Reform* has assigned the regions the task of: programming regional labour policies, defining and managing operational directives (unemployment statistics), providing citizens access to public and private services (certification of work contracts, access to new recruitment structures) and creating IT support systems for workers and users. The reform also assigns unions a large part of tasks connected to the introduction, regulation and application of new institutes and the new rules therein. For example, contracts for interim workers, "*shared jobs*", "*part-time jobs*", measures of employment and orientation, codes of conduct and apprentice training profiles to be agreed upon within the Region.

For the *Biagi Reform* to be successful, all the different parts must function harmoniously. Any delays recorded at regional and local levels, and even union hiring can seriously compromise the modernisation of Italy's labour market. The overall picture that emerges is of Italy 2006 still being in the very early stages of true labour market reform.

The experience of the past three years (2003 to 2006), due to the partial acceptance of the reform, resulted in a very different situation than was expected. It is this partial result which is causing both political and social parties to request modifications. The confrontation, which is based on the diverse viewpoints of "*flexibility*" and "*precarity*" tend to exult the aspects that are positive and negative, respectively, of these interpretations. From the positive viewpoint, the law has produced a vast opening in the flexibility of the Italian labour market, specifically with the so-called "*entry level*" flexibility into the workplace (end of the public monopoly of the employment services), and "*functional flexibility*" with regard to time schedules and flex time. The only negative point which was not approved was the "*flexibility of termination*" due to the fact that Article 18 of the "*Statute of the Workers*" was not abolished. However, this general recovery of flexibility in the Italian system due to the lack of the approval of the social measures foreseen by the law, has produced an

enormous arena of social and work precarity. It is a precarity involving approximately four million workers that operate in the underground economy and two million workers that are employed with special contracts of collaboration. This phenomenon of precarity is not solely tied to the *Biagi Law* in Italy but is a reality of all of Europe. The point is that work precarity strongly influences the lifestyles of the working population and transfers its negative effects from the world of work to the society as a whole.

### 3 Information Systems and Monitoring

Two important innovations resulting from the *Biagi Reform* were introduced with reference to the information system and the monitoring of the labour market.

The first innovation is on the front of the employment recruitment service and foresees the organisation of a website entitled “*Borsa Continua Nazionale del Lavoro*” (*Continuous National Stock Exchange of Employment Opportunities*). The purpose of this site is to provide a supply and demand site of employment opportunities that all can access, creating the best conditions of transparency and efficiency in the labour market. Anyone can insert his or her resume and search all applicable job options. It is, in practice, a very successful information system that is in the process of development and completion. In order to measure the hits to the site in the first three months of 2006, visitors to the internet site amounted to 337.571; registrations to 36.329, work requests by the enterprises to 15.848, and resumes inserted by the public to 22.798. A specific information system defines standards and modalities for the best functioning of the national service and links national, regional and local services. It is important to underline that this Italian website is connected with EURES of the European Union (a special service responding to the needs of the enterprises) and organised to link with the organisations that make suggestions and provide assistance in the search for employment.

The second innovation takes into consideration the monitoring system. The national government continues to have its own observatory on the labour market, while concurrently regional observatories were born. According to the constitutional reform and the *Biagi Law*, these regional monitoring systems will have a role of increasing importance, even if at the present there needs a lot that has to be implemented. We can say that the real monitoring of the labour market in Italy is a function given to the regions that become the true strategic centre of this type of activity.

### 4 Conclusions

The quality of the regulations, including that of the labour market, is an essential factor needed to increase the general competitiveness of any system, be it national, local or European. Many analyses and studies confirm this assumption. A European comparison shows the positive results obtained by the states and European areas – the Anglo-Saxon and Scandinavian areas – that innovated the regulatory system of their economy. In these cases, we see a knowledgeable mix of interventions that combine the needs of competitiveness with the needs of the social guarantees, especially in the Scandinavian area. Referring to the labour market, Italy has begun to move in this direction with some laws that will result in positive aspects, only if there will be a) approved in their totality and b) accompanied by other regulatory measures that have positive effects on the economic and social systems. The doubts attached to the word “*if*” are justified in this 2006, because there is a doubt that Italy will be able to manage the two aforementioned points.



**Table 1: Main Laws on the Labour Market in Italy**

### ***The Main Laws on the Labour Market in Italy***

#### **1 – Laws on Federalism and Regional Powers**

*Law number 281 – 1970*

(on the organisation of the ordinary regions, as the constitution of the 1948)

*Law number 59 – 1997*

(on the Federalism)

*Constitutional Law number 1 – 22<sup>nd</sup> of November 1999*

(on the electoral system and powers of the regional governors)

*Constitutional Law number 3 – 18<sup>th</sup> of October 2001*

(reform of the title number V of the Italian Constitution - transfer of the primary competences and powers on labour issues from the state to the regions)

#### **2 – Laws, Agreements, and Documents on Labour Issues**

*Law number 300 – 1970*

(statute of the workers)

Agreement: *“Labour Pact” – 24<sup>th</sup> of September 1996*

Laws: *“Treu Packet” – 1996/1997*

*Law number 608 – 1996*

(on labour-training contracts, on the jobs with social relevance)

*Law number 196 – 1997*

(on the interim-temporary employment and the end of the state monopoly in the employment services)

*Legislative Decree number 280 – 7<sup>th</sup> of July 1997*

(on an extraordinary employment plan)

*Legislative Decree number 469 – 23<sup>rd</sup> of December 1997*

(on the decentralisation of the employment services at the regional level)

*Legislative Decree number 368 – 2001*

(to expand the terms of temporary work contracts)

Document: *“White Book on Labour Market in Italy” – October 2001*

Agreement: *“Pact for Italy” – 5<sup>th</sup> of July 2002*

Laws: *“Biagi Reform” – 2003/2004*

*Delegated Law number 30 – 14<sup>th</sup> of February 2003*

(authorisation by the parliament to the government to act for the labour market reform)

*Legislative Decree number 276 – 10<sup>th</sup> of September 2003*

(on the labour market)

*Legislative Decree number 124 – 2004*

(on inspection and control services)

### 3 Examples for Particular Approaches within European Regions

#### *Introduction to this chapter*

This book describes different concepts and instruments from various European regions. The chapter that follows is able to provide almost all by itself a comprehensive view of the diversity. In doing so, the chapter is limited to one sub-area, the approaches to Regional Labour Market Monitoring developed within individual regions, and without the aspiration to be applicable also in other regions.

Precisely that applicability, however, is found in some of the following dialogue-oriented approaches. They have established themselves in one region and then demonstrated their excellent adaptability to various regions of Germany and the Netherlands. These approaches make use of the short paths within the region in order to ensure the most efficient possible implementation of findings. The results are examples of good practice that have already enabled further conceptual and strategic developments.

The projects described below from both border-regions – “Austria, Hungary, Slovakia, and the Czech Republic” on the one hand and “Germany, Switzerland, Austria, and Liechtenstein” on the other – invite cross-border comparisons. The reader will, however, discover that there are at present still a number of constraints that make comparisons of these particular approaches difficult. In addition, the reader will naturally put the question to himself, under what conditions will the approaches described be applicable in other border-regions.

The “target-group approaches” are illustrated with examples from France and Germany. These approaches are in the first instance conceptual, but do draw upon the empirical experiences gained through projects. The contributions suggest that problems in labour market politics and also their solutions can be very similar in different countries, despite potential problems with such comparisons. The topics “elderly employees and demographic change” and “youth without jobs and training” are rapidly gaining importance in most countries. The project from the Czech Republic not only broaches in an exemplary fashion issues of interface from labour market monitoring to vocational education and training, it also stands *pars pro toto* for the approaches to labour market monitoring in eastern European countries.

## Dialogue-Oriented Systems of Regional Labour Market Monitoring

### Prospect – Dialogue-Oriented Labour Market Monitoring

*Andreas Mertens*

#### 1 Background

The labour market is more and more characterised by further diversification and flexibility. It is a process affected by new technologies, globalisation of trade and production, and by new forms of business services. So it is well recognised that changes in production and industrial organisation have an almost direct effect on job opportunities (that means growth or decline of employment) as well as important qualitative effects (for example new qualifications and skill requirements). For this reason it is important to anticipate and communicate these developments and changes in order to adapt the employability of the labour force and to stimulate the abilities of enterprises by effective measures and initiatives. One of the most important challenges in labour market policy is to obtain an adequate insight into employment trends and qualification requirements now and in the near future. This requires data and information that often are not, or just partly available. Therefore the following key issues are crucial for the actors in labour market policy:

- How to generate quantitative and qualitative information about vocational training needs, qualification requirements, and so on?
- How to focus and to transfer the results and the recommendations to the regional policy level?
- How to develop demand focussed programs and measures for the regional labour market policy?
- How to stimulate and to coordinate the process of realisation?

As a consequence of the awareness that the current practice in identifying the qualifications needs is insufficient in 1997<sup>1</sup> the GIB (Gesellschaft für innovative Beschäftigungsförderung) was commissioned by the North Rhine-Westphalia ministry of labour to survey and to assess the different methods used in practice. After that GIB developed in cooperation with a Dutch consultancy (ACTIVA) an approach for a more strategically based and dialogue-oriented monitoring of regional labour market trends and needs. This approach “Prospect” was based on good practice for years in the Netherlands and was adapted by the GIB to conditions in North Rhine-Westphalia. Prospect started in 1999 with a pilot project in six regions. The pilot project was subsidised from European Social Fund and the Northrhine-Westphalian ministry of labour. In the last years around half of all labour market regions in North Rhine-Westphalia has implemented Prospect with the support of the G.I.B. (training and know-how-transfer to the regional project agencies; development of data bases, statistical analysis; commissioning the telephone survey; organisation of experience exchange, evaluation of regional practice; modification of

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<sup>1</sup> Since 1986 G.I.B. – owned by the ministry of labour in North-Rhine Westphalia (NRW) as the sole shareholder – has been dealing with all aspects of labour market policies in the federal state of NRW. With G.I.B. about 60 experts work on the conceptual development, counselling, implementation and controlling of labour policy programmes and projects. G.I.B. takes the part of an interface between the federal state and the regions, between programme providers and project implementers, between the state and the different actors working in the municipalities, providing organisations, companies, and private labour market service providers.

survey tools and publishing of good practice, and transferable experience). The regions contribute to Prospect's regional implementation both in terms of contents and funding.

## 2 Main Objectives

The overarching goal of Prospect is to provide regional players with practice-oriented information and recommendations for designing labour market strategies and operational programmes. There are four main objectives which shall be reached by Prospect:

- To get an up-to-date overview of employment trends and to get a detailed insight in skill-shortage vacancies, recruitment problems, skill requirements, staff training, employer views on learning provision, employer engagement in workforce development and awareness / perceptions of the skills, and employment development infrastructure.
- To gain a substantial (solid) knowledge base to develop a more coherent active labour market policy for selected key economic sectors or rather regional industrial clusters. This is important because it is not possible and reasonable as well to observe all regional economic sectors with the same intensity.
- The detailed information shall regional labour market players enable to develop and implement programs and measures in the line with future qualification needs and in line with the regional labour demand and supply.
- A broader involvement of regional companies and intermediary actors (legal representatives, job centers, training providers, chambers of commerce, trade organisations, small business services, trade unions) into the regional dialogue of labour market policy.

There are four key elements of Prospect:

- Prospect prefers practice-oriented market research methods instead of quantitative projections or prognostic models.
- The information is gathered and transferred by dialogue-orientated methods (interviews, round table discussions, expert groups, workshops and conferences).
- Prospect is particularly focussed on practice and regional areas for action instead of theoretical analysis and scientific precision.
- Prospect is embedded in the regional policy context and in regional networks.

The regional incorporation of Prospect is placed on three levels:

The *regional advisory board* decides on the regional consensus for the organisational realisation and cooperative execution and support of the regional Prospect team. In conjunction with that the advisory board establishes a regional steering group. The board receives reports on the qualification demands in order to take them into consideration for the planning of programmes.

The *regional steering group* integrates the most important key actors for the realisation of the project and is supplemented by the responsible consultants of the regional Prospect team. The steering group has following responsibilities:

- control and support of the investigation activities, the transfer of results, and the labour market policy recommendations;
- the taking up of the problem situations and the organisation of suitable problem solutions.

The transfer of the results and recommendations is conducted in several ways: round-table-talks with key players, workshops, bilateral talks, and meetings with companies (reference group companies) and training providers (forum training institutions). The design of Prospect take these key elements as principles into account.

### 3 Design of Prospect

Prospect is a structural concept and consists of several modules or components. The research activities are structured by three mainlines, on which information is collected and generated step by step, from a general view to a specific level. The three mainlines are:

- the employment sector (labour demand),
- the labour force potential (labour supply), and last but not least,
- the line of “matching” related to job placement and re-qualification including vocational training offers.

On each line information is gathered on different levels in such a way that these levels can be mutual linked. But also connections can be made between the levels of the separate mainlines. The entire monitoring phase normally lasts no longer than six months.

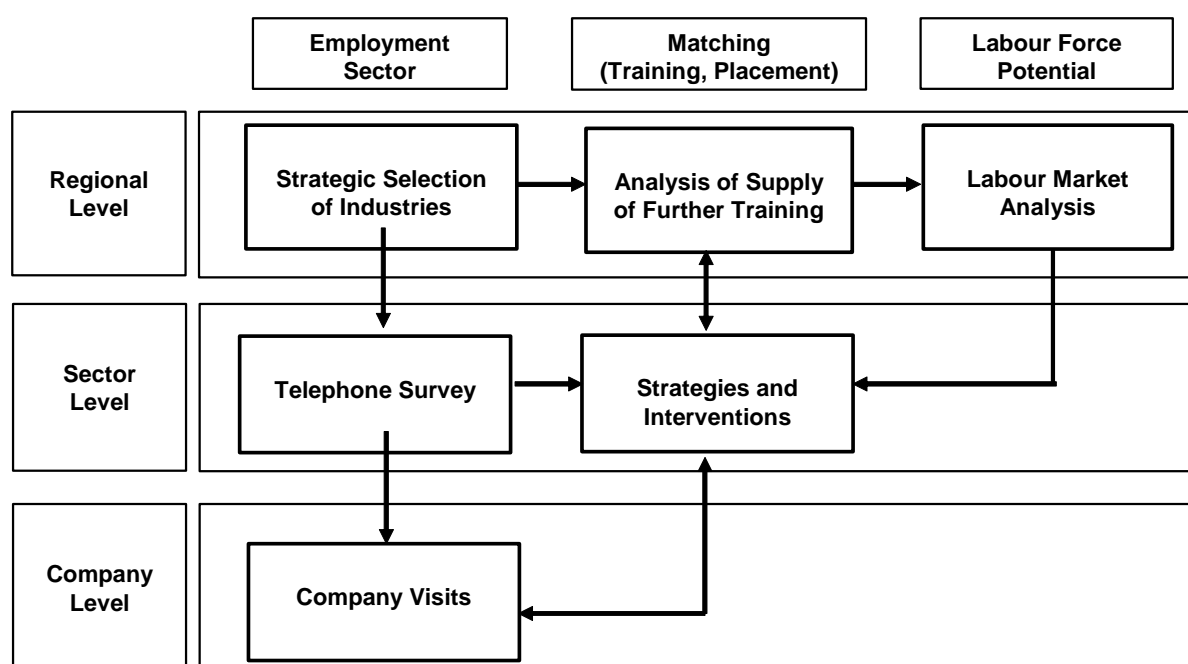


Figure 1: Design of Prospect

#### 3.1 Strategic Selection of Industries and Sectors

The first step and starting point is a focussed review of the current regional employment situation. For that data from the official employment statistics are analysed and a desktop research is carried out to identify key drivers of employment trends and key facts of market development in this sector. In this context the portfolio analysis is used to compare industries and regions in terms of employment growth and market position. The results of the portfolio analysis are assessed by regional experts in order to enrich the insight into the employment development of different industrial sectors. This leads to a strategic matrix of the development perspectives of industries and allows to identify strong and weak sectors of the regional economy. Therefore a well informed decision can be made for the next step: a more in depth analysis of employment opportunities and qualification needs, and other labour policy issues. This phase normally lasts no longer than two months.

### 3.2 The Telephone Survey in Selected Sectors

As a tried-and-tested instrument a standardised questionnaire is developed for a telephone survey which is carried out by a professional market research institute. About 1.000 companies take part in the survey and the average response rate is about 45%. The interview normally takes no longer than fifteen minutes and is focussed on the following themes:

- number of employees and employment expectations for the next 12 months,
- recent vacancies and recruitment policy,
- staff training and development activities,
- places for internship and first vocational education,
- awareness / perceptions of labour market policy measures and infrastructure.

In this way Prospect gets an up-to-date insight into the dimensions of labour demand and can identify those companies which suffer from specific problems (vacancies, qualification of personnel, et cetera). Particularly these companies will be visited after the telephone survey and in this way the given information will be extended and detailed.

### 3.3 Company Visits

On average 15% of the companies in the survey will be visited by consultants of the regional Prospect teams. First aim of the company visits is to check the data as collected through the telephone survey. After that the following issues will be discussed with the managing director or the human resource manager:

- company position in the market and market development;
- new technologies, changes in production and work organisation;
- recruitment policy and reasons of recruitment problems;
- hard-to-fill vacancies and skill shortages;
- current and future skill requirements and vocational training needs;
- company activities and views on human resource development; and
- agreements of further cooperation (advice, counselling, networking et cetera)

It should be emphasized that the company visits are a key component of the Prospect methodology because of the several benefits of the face-to-face interviews with managing directors or human resource managers:

- The regional Prospect teams gain detailed information about current skill requirements and recruitment difficulties. *Example:* In the field of geriatric and nursing care there were serious problems with recruiting qualified nursing staff for the two professions of 'geriatric nurse' and 'hospital nurse'. The local shortage of qualified geriatric nurses available on the labour market was confirmed by all surveyed inpatient geriatric institutions. This bottleneck was primarily due to the fact that an insufficient number of geriatric nurses were trained over the past few years. On the basis of outdated studies, officials (government district and federal state ministry) had overestimated both the increase in part-time workers and the mobility of many qualified employees. The latter led to a considerable imbalance between demand and supply on the regional labour market. To make an effective short-term contribution to minimising this alarming shortage of qualified geriatric nurses, the regional players had developed a package of measures based on the Prospect results, combining three related qualification measures to improve the employment situation in the local sector.
- The Prospect teams get detailed information about lacks of vocational training offers and short term training needs. This information enables the training providers to optimise their regional offerings. *Example:* During one year in one region, in the transport sector 144 companies were interviewed and there could be identified 41 vacant

positions for professional drivers and 28 vacant positions in the field of passenger transport. Many positions were permanently vacant because of insufficient regional supply of suitable labour in this field. The problem was increased by the fact that strategic personnel management is very underdeveloped in this sector and internal trainings were often neglected as a result of cost pressure. Two of the implemented solutions were (a) to increase re-qualification measures for unemployed in the transport sector and (b) to highlight the need for permanent training especially in small companies through an information campaign.

- The Prospect teams have the opportunity to react directly to urgent staff problems concerning hard-to-fill vacancies, staff development problems, or organisational change. At this point Prospect has the chance to stimulate employers to human resource development activities and to build a bridge to the offerings and infrastructure of regional labour market policy. *Example:* In one Prospect region one of the key findings was that many companies had problems to participate in long-term trainings offered by regional training institutes. The solution was to initiate 'job rotation projects' as an appropriate instrument. In this way companies could hire a substitute if an employee is absent because of participation in a vocational training or qualification. The substitute had to be an unemployed person and the companies received 50% of the substitutes wage from the employment agency. After 24 company visits 8 companies had implemented such projects and 5 substitutes were hired after substitution period.

Project Phases (Month)	01	02	03	04	05	06	07	08	09	10	11	12
Strategically Selection (Portfolio Analysis, Expert Interviews, Desktop Research)												
Telephone Survey (1.000 Companies)												
Company Visits (50-80 Visits)												
Transfer of Results I: (Report to Steering Group)												
Transfer of Results II: (Presentation to Training Providers, Round Table with Companies)												
Implementation I: Design of Projects and Measures)												
Implementation II: Co-ordination of Projects and Measures with Training Providers and Companies)												
Implementation III: (Initiation Projects and Measures)												

Figure 2: Time Schedule of Prospect

### **3.4 Labour Market Analysis and Training Barometer**

The labour market analysis should give an overview of the expected developments of the regional labour market. A short desktop research of the regional labour force potential is carried out. With the data from this survey a profile of the local labour market, specific to the target group, is drawn up.

The offerings for further training available in the region are recorded. They have to be checked against the requirements of the employers and the qualification profiles of the target groups. The results of this check are integrated in a so-called “training barometer”.

### **3.5 Matching: Strategy and Interventions**

Finally all the collected information is mutual linked and a mismatching or shortcomings are identified. With that strategies and interventions priority areas for action can be determined. At the end of the monitoring phase the results will immediately be transferred and evaluated from the aspect of practical application:

- Presentation of results in several ways to policy makers and key players (round-table-talks, workshops, conferences);
- Workshops and talks with employers, recruitment agencies, and training providers.

This will prepare the way to a sound development and implementation of labour market policy measures and joint activities of regional players, for example:

- sector-specific strategies for labour policy activities,
- identification of demand-focussed funding projects,
- employer-oriented implementation of qualification measures for job-seekers and employees ,
- information campaign for staff development by co-ordinated action of regional players initiation of networks and joint projects between companies on recruiting and qualification issues, and
- joint projects between companies for work based trainings and in-house qualification measures for employees.

In this way different labour market players can benefit from Prospect:

- Policy makers and programme planners (a) get an up-to-date knowledge of the quantitative and qualitative dimensions of labour demand in selected industries or sectors and (b) get the opportunity to optimise regional cooperation between labour market policy players based on sound results. This leads to a more strategic and demand-focussed labour market policy in the regional context.
- Training providers get useful and relevant evidence for their programme planning activities. This leads to better matching of supply and demand and to more employer-oriented (re-)qualification measures for job seekers.
- Policy makers and local and regional authorities receive precise insight into the current problems and needs of employers. This offers the opportunity to develop or to improve targeted support services.
- Employer’s vacancies and skill needs are recorded in detail and swiftly passed on to job centers. This enables job centers to improve their placement services and adapt their budget planning for qualification measures.
- Employers receive more targeted support for staff development and recruitment. This leads companies to a raised awareness for human resource development and a greater use of labour market policy offerings and instruments.

As a result Prospect improves the way regional how labour market policy-makers and employers in the region work together.



#### 4 Results and Success Factors

In the past years a wide range of industries and clusters was investigated, for example: metals and metal goods, engineering, chemicals and plastics, construction, distribution, transport, business services, as well as health and social work. Since 1999 around 4.000 company visits were conducted to clarify vacancies, recruiting difficulties, qualification needs, and workforce development activities. On the basis of these findings around 200 projects (e.g. advanced training courses, retraining measures for unemployed persons, initiation of training alliances between companies, potential consulting, job rotation projects, development of further training concepts) have been initiated and implemented.

Furthermore the findings were used as the basis for:

- developing more integrated employment development policies at regional level (e.g. linking funding instruments for economic development and labour integration, cross-sectoral development projects for reconstruction areas),
- designing regional calls for proposals e.g. in the field of workforce development,
- developing a qualification policy better addressing the needs of small and medium-sized enterprises,
- maintaining and expanding partnerships between public policy actors and the private economy in the context of regional employment development (e.g. through cooperation between training institutions, universities, research and development institutes, development agencies, and regional enterprises),
- initiating sectoral network building between companies.

The practice during the past years has shown that Prospect not in every circumstances is equally successful. Therefore it is necessary to point out useful conditions and key success factors for a good practice:

Firstly, there must be a sustainable commitment of regional key players to cooperate with the regional Prospect team – before the investigation starts and mainly during the process of information transfer and project development. The successful Prospect-Teams all invested time in getting partner fully on board and ensuring that everybody knew what are the goals, the expected results and their respective duties. The partners need to have full confidence in the monitoring team, the methodology, and the process arrangements.

Secondly, an intensive preparation and informed discussion of the selection of industries, objectives, scope of survey and intended results is important. Clear and realistic objectives helped to achieve successful outcomes.

Thirdly, a quick and wide transfer and discussion of investigation results and policy recommendations to regional key players are essential to promote an ongoing process of discussion and action.

Fourthly, the involvement of experts and companies into the transfer process is important for the feasibility of further activities. Particularly networking opportunities between employers are essential to promote good practice.

Last but not least, the position and the competence of the regional intermediary organisation, where the Prospect-Team is embedded, are important. This factor goes hand-in-hand with the first.

There are specific requirements to fulfil, in detail as follows:

- experience with design and implementation of labour market policy programmes;
- good relationships to regional key players in the labour market;
- management skills to mediate and moderate regional implementation processes, and
- basic skills and knowledge in empirical social research, data processing and information management.

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## Further Development of Prospect as a Dialogue-Oriented System in the Netherlands

*Peter de Bruin*

### 1 Background

The Prospect model originally was developed by Activa in the region of Twente (The Netherlands) as an answer to the decline of the textile industry. The unemployed rates rose and there was a necessity to replace the newly unemployed into new jobs. Therefore, there was a need of insight on a large macro scale to detect in which branches and occupations there were vacancies and what the chances of the newly unemployed to fulfil these vacancies. To detect these data, quantitative and qualitative research methods were developed and applied.

Doing this, the Prospect method, became a policy instrument for all types of labour market monitoring. In the first version, Prospect focussed mainly on a macro level: the analysis of the employment situation and of the labour force. These analyses were derived from existing quantitative data. From these observations, spear point branches were selected for more detailed branch monitoring. The selections for these branches could be made on the basis of:

- the existing importance of the branch for the employment in the region, for instance the nutrition industry or logistics sector; and
- the anticipation on new developments or opportunities, such as the information and communication sector, the call center branch or the healthcare sector.

In order to complete these first quantitative images, the data were deepened by interviews with branch organisations. They could give a good view on the developments on function profiles and new demands for personal requirements to fulfil these jobs. The cooperation with these branch organisations was important also, in order to get backing for the next step, namely the *Vacancy Monitor*. Companies which were connected to branch organisations, were prepared earlier to join the telephonic enquiry. In this enquiry, the companies within the selected branches were asked more in deep about matters as:

- growth or decline of the employment situation in the last two years and the expectation for the coming year,
- amount of vacancies,
- types of jobs,
- needed skills and education level,
- influence of technology,
- willingness to give a chance to unemployed with a less accurate education or working experience,
- used channels for recruitment, and
- knowledge of subsidies or other labour market measures.

This early version of the Prospect model, was introduced in Germany (North Rhine-Westphalia) and adopted by the Gesellschaft für Innovative Beschäftigungsförderung (G.I.B), and in Austria. In several other countries, the Prospect model as described above was introduced in European cooperation projects.

In the Netherlands, Prospect transferred from a model for research and labour market monitoring to a model of the actual re-integration of unemployed. So, departing from the labour market data, education projects and employment projects for branches were developed. These projects were subsidised by local or national authorities or by the European Social Fund. The newly unemployed got a specific education or job training and after finishing this, they had a guarantee for a job.

In this paper, especially in chapter 3, we shall focus on the further development and applications of Prospect in the Netherlands.

## 2 Dialogue with Labour Market Participants

The central objective of Prospect is *the decrease of unemployment through the effective application of labour market instruments on each level*.

In the implementation of labour market measures and projects, the core of the Prospect model from the 1990's on became the dialogue: the cooperation of all labour market participants and the combination of the data over which they disposed. This is important because actual re-integration can only be effective when offer and demand are continuously compared with each other. Most of the labour market institutions however have only data of their own part of the total spectrum. Moreover, these data are not compatible with other institutions. Often too, the available data are too general or out of date or selected from different points of view or definitions. Sometimes too, institutions do not have much communication or joined projects with other regional labour market participants.

Between these labour market institutions, dialogue is necessary in order to obtain clearness of objectives, definitions, and starting positions. Prospect is not a competitive method: *it does not have the aim to replace existing monitoring systems, but to combine and enrich the existing resources*.

Prospect is used when regions want to introduce an innovative and goal-directed approach, which is based on the consensus of all labour market participants. Because of the wish for implementation, Actíva modelled Prospect in this way that it also can be used as different modules, which can be adopted by other labour market organisations. As a modular system, it can be combined with existing local activities, existing organisations and knowledge. So, Prospect is not only a complete system which can provide labour market data by its own research methods, it is also a modular system which can fill the gaps in the existing labour market information of the local institutions. These modules can be carried out by Actíva, but also it is possible that organisations will be trained in using the whole model or parts of the model and their instruments.

Actíva introduced Prospect to many different types of organisations, concerning with labour market issues, such as:

- municipalities,
- labour offices,
- insurance boards,
- chambers of commerce,
- employers organisations,
- education institutions, and
- branch organisations.

### 3 New Developments of Prospect in the Netherlands

As said earlier, in the Netherlands the Prospect model has developed further from merely a macro research model for labour market monitoring to a model which supplies information on meso level and micro level as well. Through developing new methodologies, demand, offer, and matching on each level are possible: the Prospect model is enriched from merely a research instrument and policy instrument to a re-integration instrument.

This development was strengthened by changes in the labour market policy in the Netherlands. These concern especially the municipalities, who since 2004 became fully responsible for the re-integration budget of the social security. Shortages in this budget can no longer be declared to the national government. So, the municipalities became a great financial interest by the fast, effective and goal-directed re-integration of their unemployed.

Also according to this law, in the years *2004 and 2005*, municipalities were obliged to tender most of their re-integration activities. The actual re-integration was done by commercial re-integration companies. They could subscribe to these tenders and concurred on price and success ratings. They became a group of unemployed to lead them back to the labour market or other labour market measures, such as social activation, professional training, care, or business starters.

Many municipalities had problems with selecting the appropriate groups of persons to the appropriate tenders. So, Prospect is used to direct the right target groups for different types of tenders. The methods of the *Target Group Monitor* and *File Analysis* were used to fill these tenders. On the other hand, re-integration companies use the *Vacancy Monitor* to quickly build up a database of employers and of their vacancies. So, Prospect was used on this meso level to start the monitoring of re-integration tenders.

Since *2006* the policy for municipalities of the re-integration is still more loose. Municipalities are free to conduct their own specific regional labour market policy and labour market structure and to experiment with own labour market methods. The obligation to tender re-integration activities remains only above a certain amount of money. Municipalities now even can re-integrate their unemployed themselves, and many municipalities, especially smaller ones, actually do so. Via Prospect, they now know their unemployed and their own companies, so the matching of offer and demand can be made easily and quickly, without interference of expensive re-integration companies. Savings of the total costs in the budget for re-integration can be made from this perspective too.

But, for fulfilling this new role, re-integration consultants of the municipalities had to be trained. Within the Prospect method, Actíva developed training programs for individual diagnosis of the competencies of job seekers, acquired competences for jobs, project management, and monitoring. Besides, with the available knowledge on meso level, nowadays the emphasis in re-integration projects is on a as short as possible re-integration. Prospect offers this detailed insight.

The following scheme shows the modular Prospect system as it has developed further on.

<b>Prospect: Integrated labour market approach</b>						
		<i>Demand</i>		<i>Mediation &amp; Activation</i>		<i>Offer</i>
<b>Macro level</b>	Input	Employment analysis		Regional social infrastructure		Analysis labour force
	Output	Spear point branches	➡	Policy report	⬅	Target group selection
		↓		↓		↓
<b>Meso level</b>	Input	Vacancy monitor		Re-Integration management		Target group monitor
	Output	File of vacancies	➡	Procurement overview	⬅	Output analysis
		↓		↓		↓
<b>Micro level</b>	Input	Interviews		Monitoring tools Expertise enhancement		Client analysis Wage valuation Inline methodology
	Output	Function profiles	➡	Re-Integration, Education, Social activation, Care, Business starters	⬅	Re-Integration plans, Career guidance

Figure 1: The Modular Structure of Prospect

Prospect nowadays is an integrated and modular model for strategic, tactical and operational labour market monitoring, which copes with comparing data on demand side (employers), offering side (jobseekers or unemployed) and the mediating level (institutions for matching, offer, and demand).

### 3.1 Macro level

On macro level Prospect consists of the statistical analysis of existing data of the employment situation and labour force, combined with the analysis of the local social infrastructure (education organisations, organisations for voluntary work, welfare organisations, et cetera). Output of this phase is the selection of target groups for labour market measures or employment projects. The target groups on the side of the employers could be branches, but one can also think of different target groups, such as small companies in a certain city area. On the side of the labour force, target groups can be selected according to certain characteristics: e.g. young or older unemployed, migrants, employees in subsidised labour, women, or target groups for specific professions.

### 3.2 Meso level

On the meso level Activa has developed methodologies of analysis of vacancies, analysis of labour market perspectives of certain target groups, and the definition of the employment or re-integration policy after these analysis.

On the offer side, the *File Analysis Method* is applicated on the basis of existing files and information of the job seeker. Aim is to divide a large group of jobseekers to subgroups for re-integration measures. In fact, Prospect looks at the rigid data / criteria of job seekers and judge their ability to return to the labour market. Prospect looks at a group of variables who can be determining for the chances of an unemployed to return to the labour market, such as age, member of a minority, duration of unemployment, record of previous employment, education, limitations, history of detention and addiction, et cetera. These variables are scored on a 5-point-scale, weighed, and there is a total score, which divides the total group in 5 subgroups. By using statistical software, any analysis on any subject can be made.

The *Target Group Monitor* aims not analyzing the rigid data of unemployed, but it looks at the wishes of the employed and their need for assistance to get back to work. So it is an activating methodology, which inspires the unemployed to think about their future and career. The *Target Group Monitor* detects ambitions, motivations, preferred occupations and branches, and wishes for the guidance to look for a job. The research method is a written enquiry under a specified group of unemployed. Answers are scored in statistical software, so that groups can be divided for employment measures and employment policy.

On the demand side, the method of *Vacancy Monitor* is still used to quickly detect vacancies in a certain area or branch. The telephone enquiry is performed by a trained telemarketing team. Result is a database with the numbers of vacancies, in which selections can be made on branch, region, type of functions, function level, required type of education, et cetera. Especially when matched with the *Target Group Monitor* or *File Analysis*, there is a closed system for policy making. The comparison of offer and demand frequently is input for defining tenders for re-integration projects. Because of the forecasting element, it is also used in order to the start or subsidy programs or education programs for those occupations where there is a need for newly trained personnel. As a result, vacancies are fulfilled directly by the labour office, employees pools can be developed, new professional training courses can be developed and overall, there is a better insight into the labour market developments for all the labour market partners. In the Netherlands, the results of the *Vacancy Monitor* are integrated into data systems of re-integration companies, municipalities, labour offices, et cetera. In a short time, these labour market parties dispose over a complete data file of companies, vacancies and their characteristics.

### 3.3 Micro level

On the micro level Actíva developed methodologies of analyzing the needed competencies for jobs, on the basis of the function analysis on one hand, and the existing competencies of the job seekers on the other hand. Because of the new role of the municipalities, Actíva developed tools for monitoring and expertise development.

The *Wage Valuation Analysis* is an analysis of labour productivity of unemployed or employees. The analysis is a competency based interview, which measures 31 competences, divided in four competency groups. These groups are: work-related features, personality features, educational level and deployment skills, physical and psychological taxability. On a 5-point-scale the re-integration consultant measures these competences. The system is a software application, which calculates the wage value of each individual competence, each group of competences and the total wage value. The application can be used to measure the fitness for work or competences for a certain profession. It is an input for re-integration plans or plans for career assistance. Municipalities or insurance boards use the methodology for the granting of wage subsidies for those unemployed who would otherwise not get a regular job.

The *Function Profile Analysis* measures the same 31 competences as the *Wage Valuation methodology*. Here however, the point of view is not measuring the existing competences of the job seeker, but the required competences for doing the job. Again, offer and demand are compared: the existing versus required competences are laid over each other, so that in the program for re-integration or career guidance, the gap can be closed by specified tasks, training or guidance.

## 4 Perspectives

Prospect combines the strengths of the labour market participants through a well defined project management, which is based on marketing principles. The Prospect model is interesting because of the

- systematic acquisition of vacancies and continuous communication between labour market institutions and companies,
- development of market oriented and demand steered mediation and qualification measures,
- matching of offer and demand of labour on each level,
- well structured fundament for developing and realising local activities,
- possibilities for modular application, easy integrant in existing regional activities and initiatives,
- possibility to define groups for tenders for re-integration projects, and
- overall reduction of costs for re-integration.

In the Netherlands, there is growing use of Prospect for employees:

- in career plans,
- outplacement projects,
- the furthering of personal mobility and life long learning.

Prospect will be combined with assessment tools and methodologies for the acknowledgement of earlier obtained competences of jobseekers.



## **The Importance of Communication for the Success of Regional Labour Market Monitoring – Conceptual Considerations and First Trials in the Federal State of Hesse in Germany**

*Christa Larsen / Marco Mevius<sup>1</sup>*

### **1 Introduction**

One justification for adopting Regional Labour Market Monitoring is the argument, that such monitoring leads to a clear improvement of the functionality of regional labour markets and of the efficiency and effectiveness of regional labour market policies (c.f. Larsen et al. 2005 or Schmid in this volume). This argument however ignores the issue of how the monitoring of regional labour markets has to function in order to realistically achieve these goals.<sup>2</sup>

It has been claimed by many actors in the field that Regional Labour Market Monitoring has an information function role (c.f. discussions in the conference 'Regional Labour Market Monitoring in Europe' in Frankfurt on the Main, March 2006). This function refers to various kinds of information produced and made available in the monitoring process. The type of information varies across different monitoring projects in Europe. Often regional labour markets are represented in whole. Sometimes, however, the focus is exclusively on particular sectors, professional groups, or demographic groups. Despite different profiles, such information enhances the transparency of regional labour markets. Transparency is deemed the key prerequisite for the ability of actors in labour markets to make decisions and act appropriately, so that, inter alia, mismatches between supply and demand can be reduced or prevented. The reduction or even prevention of such mismatches means an improved functionality of regional labour markets. Transparency is also considered as a pre-condition for decisions by actors in labour market politics leading to efficient and effective labour market policies. The concept of an information function implicitly contains the idea that 'better' information is, so to speak, 'automatically' noted by actors in labour market and those of labour market politics. It becomes subsequently relevant to decision making and action, which results in both improvements in labour market functionality and efficient labour market policies.

Presumably, all these processes go beyond the proper scope of an information function. The core of such a function consists in producing and making information available (c.f. Dera et al. 2005 about this point). It remains unclear how actors in labour markets and in labour market politics receive information and in what manner information transfer takes place. It is moreover not clear, whether the information produced and made available can serve as the basis for decision-making and action, that is, whether the information is adequate information. These processes can be brought together in a communication function as an integral part of the monitoring process (c.f. Schmid, *ibid.*). The considerations and examples presented here are meant to be a contribution to the conceptual foundation of such a communication function.

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<sup>1</sup> We appreciate very much the comments to earlier versions of the article from Hong Zhou and Ronald Larsen.

<sup>2</sup> For a theoretical justification see the article from Alfons Schmid in this volume.

However, the addition of an explicit communication function to the information function is insufficient to fully capture the effects of Regional Labour Market Monitoring insofar as it includes the realisation of both goals: 'enhancement of the functionality of regional labour markets and of the efficiency of regional labour market policies'. Neither function provides answers to the question, how communicated information in fact becomes relevant to decision-making and action. In other words, how information is transformed into 'human agency'. This must remain for the time being a 'black-box'. In the medium term however the specification of such a function will be indispensable for successful monitoring (c.f. Schmid, *ibid.*).

Based on these considerations we will assume in this essay the following thesis: Regional Labour Market Monitoring can be successful only if it integrates an information *and* a communication function into its processes. What shape this communication function will take exactly will be first conceptually developed in section 2. In the beginning, there will be a critical comparison of theoretical approaches derived from communication theories in order to identify elements that could be relevant to a communication function. These are then used as schemata in section 2.2 to identify aspects of communication in projects of Regional Labour Market Monitoring in Germany. In order to fill the emergent blank spots, intermediaries are introduced as carriers of communication (c.f. also Schmid, *ibid.*). They are described in section 2.3 below. Technical intermediaries will be distinguished from personal intermediaries. After conceptual discussions in section 2, we present in the next section a sketch of the implementation of a personal intermediary (3.1) and that of a technical intermediary (3.2). Then we will briefly outline the current state of development and implementation of intermediaries as well as their developmental prospects. In conclusion, we will offer some estimates of the importance, both now and in the future, of a communication function as a necessary condition for the success of Regional Labour Market Monitoring.

## **2 Conceptual Considerations**

### **2.1 *Elements of Communication Theories***

Theories of communication with an interactional, subject-theoretical, and in part also system-theoretical orientation distinguish actors from processes (c.f. Dera 2003; Burkhardt 1998; Hahne 1997). In order to establish communication, there needs to be at least two actors, the so-called communicants. These act as sender and receiver. Through communication both actors pursue the goal of mutual understanding concerning a specific topic. This goal is reached when the communication partners share their intended meanings. In addition, each of the communicants has a special reason why he takes part in the communication: he wishes to pursue his own personal interest through communication. A communication is then successful when both the general goal of understanding as well as the personal goals on the part of communicants are successfully realised (c.f. Burkhardt 1998; Schmid, *ibid.*).

Carrying these fundamental ideas over to communication that takes place in the context of Regional Labour Market Monitoring, we can identify the information provider and the information user as the two communicants. They are linked to each other in a communicational process in which they take turns to play the roles of sender and receiver in order to clarify what is meant. Their communication process consists of three phases in succession (c.f. Larsen/Mevius 2006).

In the *first phase*, the shared subject-matter consists in clarifying which information should be produced by the monitoring process. That is, the informational needs of the user are to be identified. This concerns the interests of both actors: the actor responsible for the production of information must know exactly which areas of the regional labour market should be taken into account. Conversely, the user wants to receive information that is most appropriate, meaning most accurately meeting his needs. This way he will be keenly interested to communicate his needs to the information producer. The first phase is completed when the topics of Regional Labour Market Monitoring are specified for both communicants.

The *second phase* that follows is characterised by the information transfer. In order to impart information, the information producer utilises various mediums, which are ideally chosen in prior consultation with the information user. Compared with the previous phase, the communication is far less interactive. In fact, the information producer acts solely as sender and the information user as receiver. Also, the communication from the first stage that was successful for both sides continues to have effects, so that both actors can trust that their own interests are optimally met. The interest of the information producer consists in the most trouble-free transmission of data. Whereas the motivation of the information user is characterised by his wish that he receives appropriate information the fastest and as reliably as possible, through a medium that enables ease of use.

The *third phase* of communication becomes necessary when the informational needs of the user change. In the role of sender he communicates his modified informational needs to the information producer. The latter receives the need for modification and specifies anew the information to be generated by the monitoring. The third phase is, like the second, hardly interactive. The communication proceeds in fact linearly from the information user to the producer. Following the third phase, there is again a round of communication on the model of phase II and following it another phase III if necessary. Communication on the model of three phases occurs only in the initial sequences of Regional Labour Market Monitoring. After the initial sequences, it reduces to a two-phase iterative process.

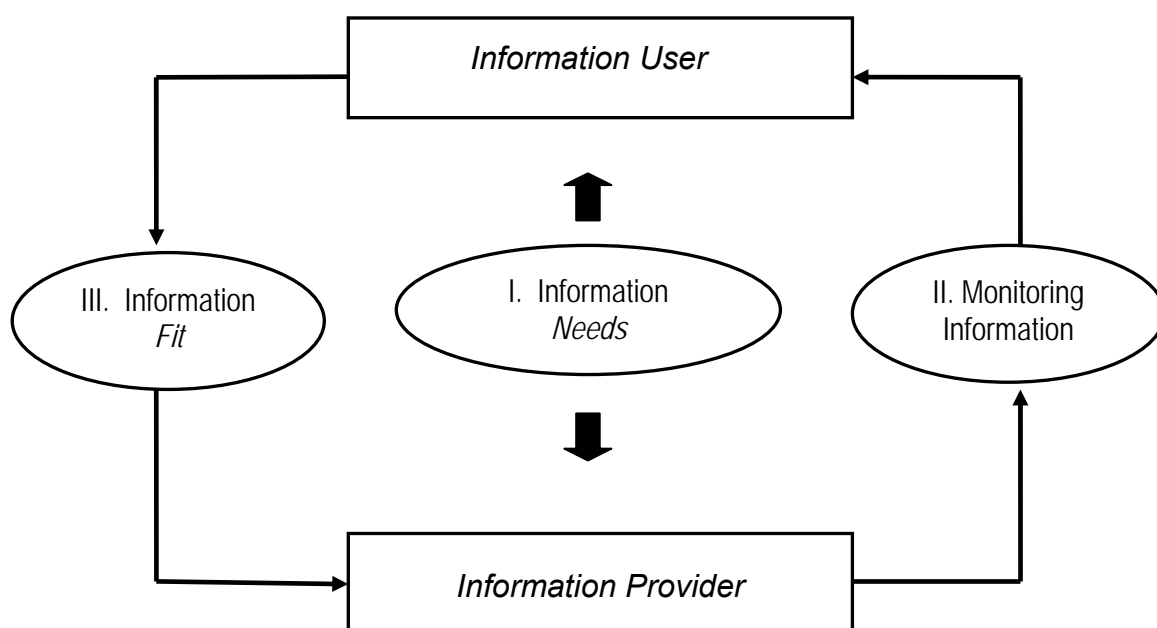


Figure 1: Phases of Communication in Regional Labour Market

The three phases of communication in Regional Labour Market Monitoring are represented in the diagram. In particular, the diagram makes clear how the communicative relation between information producer and user is structured.

These phases of communication that are so far only described abstractly will be used as schemata below to determine how communication takes place in projects of Regional Labour Market Monitoring. The findings used here are based on presentations of selected projects in Germany, as described in 'Regionales Arbeitsmarktmonitoring in Deutschland. Ansätze, Konzepte und Entwicklungen in Deutschland' (2005).

## **2.2 Aspects of Communication in Projects of Regional Labour Market Monitoring in Germany**

Various projects for the development and implementation of Regional Labour Market Monitoring have been carried out in Germany since the end of the 1990s (for systematic overview c.f. Larsen 2005b). Typically, these projects are tailored to the conditions of the regions. Consequently, there is a multitude of different regionalised approaches. As shown in the first analyses in the volume mentioned above, communicational approaches can be identified in all selected projects (for details c.f. Larsen 2005c:107ff). These approaches will be described below in terms of the three phases of communication in the monitoring process.

The focus of the *first phase* of communication is the determination of topics and types of information that should be included; the operative actors determine which information should be made available. In almost all projects the operative actors are the information producers, together with regional steering committees and advisory boards. The members of the steering committees and advisory boards are the representatives of various relevant interest groups, such as those from the fields of education and training, employment services, employers' associations, and chambers of commerce. Some of these are themselves information users. Most of them however serve exclusively as multipliers by identifying information that they believe is of interest to their clientele. Moreover, in most projects, the determination of information does not take place as an open process. Rather, potential information producers provide a basic canon of information, which is then supplemented and modified by the members of advisory boards. In summary, it can be maintained that communication takes place primarily between information producers and multipliers. Users are not systematically involved. This description is partly justified by the fact that in many projects, individual users of information are not explicitly mentioned and recognised as such. The fact is, the communication process is primarily focussed on considerations for various interest groups (c.f. Larsen, *ibid.*, 108f).

In the *second phase* of communication in monitoring processes, the attention is turned to the transmission of information generated. Various mediums are employed in the projects for this. The most prevalent form is the compilation of reports. The latter are made available to the members of steering committees both in paper form and, increasingly, electronically. The information is in addition available on websites. A form that has more robust interactive components is the workshop, where selected results are presented and discussed with multipliers. Sometimes one also finds face-to-face configurations, especially in cases where individual interest groups that are at the same time direct information users request presentations of data from areas relevant for them. Examples here include analyses for employment agencies and for educational institutions. The extent and form of interactive types of transmission, in particular of direct contacts with users in face-to-face situations, vary greatly from project to project. Their adoption and implementation depends on available personnel resources and to some extent the

personal commitment of information producers (c.f. Larsen, *ibid.*, 108). In most projects thus far the conceptual integration of user contacts has not been developed.

The *third phase* of the communicational process concerns the information's ability to match the needs of users. If needed, this can involve necessary modifications of topics to be covered in the monitoring process. The evaluation of fit and the adoption of new or modified informational needs take place in a communicational structure analogous to the first phase. This means in particular, members of steering committees or advisory councils may request further, often more in-depth or supplementary information following the presentation of information at workshops. Just as in the first phase the ability of information to match the needs is by and large evaluated by the multipliers.

The above descriptions show that, in the selected German projects, aspects of communication could be identified in all three phases of the communication process. However, these aspects do not yet conform entirely to the ideal type of a communication function in the monitoring process. There are essentially two reasons for this.

- One limitation of the communication function derives from a so-called supply orientation of the projects (c.f. Dera et al. 2005). This orientation can be seen in the fact that both the determination of informational contents and information transfer so far do not always occur directly with the (potential) users in a systematic way. Rather, the definition of informational profile is above all determined by academic or field-specific discussions or heavily oriented towards the interests of steering committees. Availability and accessibility of inventories of data can also influence the determination of topics. The information produced is afterwards made available in the form of information supply. A direct transmission to the users is frequently missing here. A communication function, as theoretically specified above, requires a perspective towards demand in all three phases of the communication process. This means that the determination of information should only take place in relation to the needs of users. Multipliers alone are probably not sufficient for a precise specification of users' needs. In addition, the perspective towards demand shows also in the transfer of information and in evaluating the fit of information. Both of these phases of communication can only occur with direct information users. The recourse to multipliers in Germany can, as already implemented in several projects, be supplemented systematically by integrating direct users into the process. This, of course, requires, first and foremost, the systematic identification of all information users.
- The second limitation of the communication function results from its strong dependence on project resources (c.f. Larsen 2005 c: 109). The discussions above have shown that the emergence of direct contacts with the users depends on the personnel resources of the projects. Moreover, in many projects the project designs are organised in such a way that the lion's share of the personnel resource must be deployed for data generation and analysis as well as for documentation of outcomes. (Here the orientation on supply once again becomes clear). This leaves only limited resources for implementing a communication function (Larsen 2005c: 112).

How can these limitations be minimised? One strategy is to specify user groups and their informational needs. One important prerequisite could be thus fulfilled for systematically integrating the user groups with their needs into the communication process. A second strategy aims to overcome the dependency of the communication process on personnel resources. This can be done through technical automation of the communication process or significant parts of it. Both strategies can be condensed into the concept of intermediaries as the carrier of communication in the process of monitoring.

### **2.3 Intermediaries as the Carrier of Communication**

Intermediaries establish a functional relation between data/information and their users in the process of Regional Labour Market Monitoring. They enable systematic communication and through it, ensure that Regional Labour Market Monitoring reaches its goals (c.f. Dera et al. 2005: 121 ff). Intermediaries come either in the form of a technology or are supplementary in the form of persons. Both types of intermediaries are related to each other in such a way that the accident insensitive and resource saving technical intermediary, for as long as possible, is adopted first. As its coverage reaches its limit, the personal intermediary comes in to supplement it. The role of personal intermediary is taken over in the monitoring process by the information producer (for details c.f. Dera et al. 2005: 126).

Different constellations of technical and personal intermediaries are found in the three phases of communication. In the first phase only a personal intermediary is adopted. The identification of various users, the sorting out of their informational needs, and the determination of topics for the monitoring process that follows can only take place in face-to-face configurations or through personal exchanges (c.f. Dera et al. 2005: 123f). In the second phase, only a technical intermediary is used for the transmission of information that has been unambiguously specified earlier. The latter must in any case be of such a form that the users are able to receive and use their information fast, simply, and without external help (c.f. Dera et al. 2005: 122f). The third phase can be executed also primarily through technical intermediaries. For this purpose, a role is designed in the technical system enabling feedback about the information provided, which may also include needs for modification (c.f. Dera et al. 2005: 122ff).

Examples taken from projects in the federal state of Hesse in Germany, one for personal intermediaries, one for technical intermediaries, will be described below. This should clarify the above described framework.

## **3 Examples for the Specification of Personal and Technical Intermediaries**

Personal intermediaries are adopted in the initial phase of a project for Regional Labour Market Monitoring. In the following, we will describe, using an example from the project 'Hessischer Pflegemonitor', the implementation of a personal intermediary for the identification of user groups and their informational needs. After a monitoring system is set in place, the technical intermediary is put into a permanent operation. This ensures the smooth transfer of information directly to the end-users as well as their feedback about modified informational needs. This is complimented by an example of a technical intermediary, RAMON<sup>3</sup>, which was developed as a prototype in the project 'Arbeitsmarktmonitoring in der Region Rhein-Main'.

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<sup>3</sup> RAMON = Regionales Arbeitsmarktmonitoring

### **3.1 *The Experiences of a Personal Intermediary During the Identification of User Groups and their Informational Needs in the Project 'Hessischer Pflegemonitor'***

The project 'Hessischer Pflegemonitor' was carried out on behalf of the Hessian Ministry of Social Affairs by the Institute for Economics, Labour and Culture (IWAK) in cooperation with the Institute for Applied Informatics and Formal Descriptive Methods (AIFB).<sup>4</sup> The goal of this project is to set up a monitoring that covers the labour market for elderly care and health care workers in the federal state of Hesse. The tasks are to map out the supply of and demand for elderly care and health care workers in all regions of Hesse and to gauge developments expected in the future (c.f. Hessisches Sozialministerium 2006).

One of the aims of the initial stage of the project was to identify and specify the information users and their informational needs. To carry out this task, the IWAK acted as a personal intermediary.

A peculiarity of labour markets for elderly care and health care workers compared with the labour markets of other sectors should be born in mind in identifying users. Although these markets are controlled at the federal level, they organise themselves and function in regions far below the level of the federal state. Labour market actors appear as suppliers of and requesters for care workers. For the identification of information users, this means that on the one hand the group of strategic or labour political actors are not to be identified on the level of regions, as is the case in the hitherto existing monitoring projects in Germany, but rather at the federal level. On the other hand, the operationally involved actors in the regions constitute a second group of information users that need to be integrated into the monitoring. In a first step, a review of individual strategic actors was undertaken for the first of the two groups, with the support of the advisory council for the project. Since the market is a very manageable one, the individual actors and the institutions that they represent could be quickly and completely identified. For the second group of regional actors, the subgroups could be just as easily identified because of the self-containedness of the market. These subgroups are, on the supply side, institutions of education and training as well as employment agencies in the respective regions of a federal state. On the demand side, one finds regional care providers from the sectors of hospitals, rehabilitation, ambulatory and stationary care facilities. After the various information users are identified, the specific informational needs of each had to be elicited.

For the specification of informational needs on the part of the strategic actors, a workshop was arranged. In this framework, the informational needs could be directly elicited, discussed, and structured. Following the workshop, the IWAK, functioning as personal intermediary, re-structured the results and fed them back to individual actor groups through bilateral communication (telephone and e-mail). In parallel to the informational contents, it was elicited in which form users want the information be delivered. It was found out that electronic information fits the needs of the strategic users. In addition, information was requested in forms that do not result in necessary further expenditure of time; for editing, for example. This means that information should be transferred to users in popular data formats such as Microsoft-Excel and Microsoft-Word, so that fast and easy utilisation is possible.

In contrast, the identification of informational needs of regional labour market actors turned out to be difficult at first. It is estimated that well over 1000 potential information users exist in the regions. Their informational needs could not be derived in detail. Many users

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<sup>4</sup> The funding is made available through the technical assistance of the European Social Funds.

however belong to one of the aforementioned groups. With the help of the project advisory council, a central actor, connected with the actors in individual regions, was identified for each group. With all the regions of the federal state in mind, these central actors took over the task of appointing for their group as many representatives as possible with contrasting informational needs that result from differing characteristics such as city versus rural location. All the representatives were invited to a centrally organised workshop. In this workshop, a task group for each of these groups was formed. The individual task groups aimed to specify their respective informational needs. The results of the workshops were then pooled together by the IWAK and fed back to the central actors of the individual groups. The latter in turn discussed the results once more with the individual representatives from the regions. During elicitation about the desired forms in which users would like to use information, the same needs emerged as with the strategic actors.

As a personal intermediary the IWAK initiated, accompanied, led, and completed the process of identifying information users and their informational needs. The communication was interactive and the IWAK often acted as moderator and gave momentum to the process so that it took over the function of sender disproportionately. Both with strategic and with operational information users, the process of communication stretched over many sequences, in which different forms of communication were practiced. They included bilateral face-to-face contacts, but also group discussions. In addition, a large part of the communication was done through email. This was especially the case with feedback, negotiation, and ascertaining sequences of the communication process.

From the point of view of a personal intermediary, it can be concluded that the aims of the first phase of communication in a monitoring process were achieved. These include first the goal of friendly agreement about the monitoring topics. It can be assumed moreover that each of the communicants was able to reach their own goals just as well. These were, in the case of the IWAK a demand oriented determination of informational content for monitoring in Hesse, in the case of various information users, the description of their specific informational needs that they would like to see met.

### **3.2 *RAMON – Implementation of a Technical Intermediary Using Software Technology***

The implementation of labour market monitoring has been planned for the Rhine-Main region in the federal state of Hesse. A technical intermediary in permanent operation is to take over most of the communicational needs whenever they occur (stage II and III). RAMON was specified as a software prototype of such an intermediary. As an initial approach, RAMON was designed, implemented, and tested by the Institute for Applied Informatics and Formal Descriptive Methods (AIFB), based on the user demands found in the earlier stages of the project. In the process, existing software applications from running research projects in the institute for E-learning and E-collaboration (c.f. Grüne et al. 2004, Keferstein/Mevius/Oberweis 2005, Mevius/Oberweis 2005, and Mevius 2006) could be built upon and extended. The goal was to realise the concept of monitoring regional labour markets described here as economically possible through a modular software system based on open standards and freely available development tools. Potential user groups were to be involved in the development process early on, so that the system could be successively extended to include user-group specific functionalities. The efficiency and effectiveness of monitoring regional labour markets and the sustained success of supporting software-systems depends largely on whether RAMON can flexibly adapt to new requirements in the sense of a 'learning system'.



The following basic functions of the monitoring system RAMON should be supported by, among other things, the initial software prototype to be developed:

- The definition of informational formats in which facts pertaining to labour market are condensed to digital information objects (text and multimedia documents) and are edited and put together for the users in a coherent and meaningful fashion.
- The delivery of information objects in a user-friendly graphic layout and in different mutually convertible, standardised data formats (e.g. PDF, MS-Excel and MS-Word).
- Automated compilation of newest developments into the information objects by linking other software systems to the software prototype (for example data from employment agencies or from state offices for statistics). These data must observe high standards of quality and be available in a format which is mutually compatible between regions.
- The comparison of actual and desired values for certain parameters specified ex ante, as well as presenting them in a flexible web front end (portal).
- Flexible display of the information objects with different user preferences in mind (varying search paths).
- Provide intuitive interaction modules for the end-users for the purpose of monitoring their search paths and adjusting correspondingly when significant structural features are observed.

By implementing these functions RAMON is designed to support the monitoring of labour markets from the definition of information objects all the way to the prognosis of the data described in these objects. At a later stage of implementation, the prediction of future developments will be supported actively by the system (e.g. by updating different, probability based variants of value series). During the development of RAMON, application scenarios were derived and specified based upon the goal-specification of the software prototype to be developed. The design of individual elements of the software prototype was then undertaken by building on this technical concept. Individual software modules are implemented based on the demand specifications already made. They are then adjusted based on early feedback slips from potential user groups and extended through the inclusion of new functionalities.

The RAMON prototype represents an IT-supported approach to presentation and interpretation of regional labour market data within the framework of a detailed conceptual design for monitoring in regional labour markets. RAMON appeals to users (a) to define information that is individually tailored to the needs of actors, in a way that accords with prescribed goals as well as with activities and processes described that are relevant to labour markets, and (b) to organise that information in an information system. At the same time, it supports real-time monitoring of that information and enables users to access the most recent developments and their status in the form of comparisons between what is actually the case and what is desired. In the future, this software system for regional labour markets will integrate through robust data interfaces IT-systems available in various participating institutions.

With the selected technologies and development tools, the software prototype was implemented using a three layer client-server architecture. The basis architecture of RAMON is presented in figure 2. The client layer makes available the functionalities through a web portal for various user groups. Clients communicate through standardised interfaces with a web server and with the software modules connected to the server (data/diagram generator, content management system (CMS) and analyser (analysator). The integrated software modules are applications that enable and organise collaborative creation and editing of the contents of text and multimedia documents. These information objects, the sum total of which constitutes the content of the system, can exist as data

processed individually, but can also take the form of data systems consisting of interconnected distributed portions. The third layer of the architecture is the database as the basis of the entire software system. This repository is managed by a running database management system (DBMS), and all applications interact directly with DBMS so that the database itself remains hidden for them as a kind of 'black-box'. Direct access to the database is only permitted for administrative activities, such as data backup.

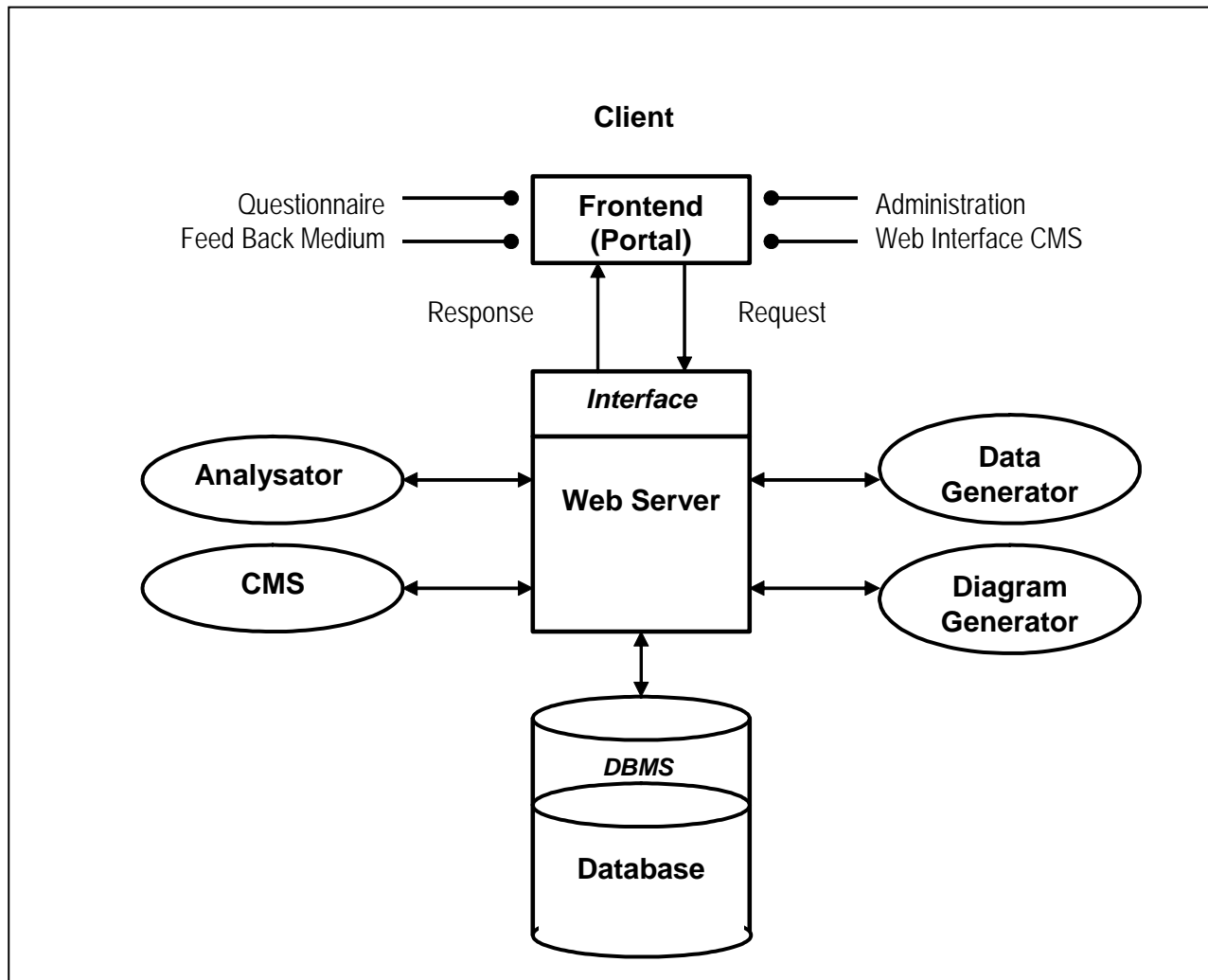


Figure 2: Reference Architecture RAMON

### 3.3 The Current State and Future Development of Intermediaries

The initial experiences from the use of a personal intermediary show that the processes of identification and specification still prove to be relatively complex. It remains to find out how more efficient and effective procedures are possible. In the case of technical intermediaries, there have been only initial trials so far. Only through broad application in the field, however, can we find out whether it will be possible, as has been planned so far, to conduct communication in phase two and three exclusively through a technical intermediary.

## 4 Outlook

We have argued in this essay that the objective of Regional Labour Market monitoring, which consists in 'enhancing the functionality of regional labour markets and improving the efficiency and effectiveness of regional labour market politics', can only be achieved if a communication function is systematically integrated in the monitoring processes. What shape this function ought to take, and where it is to be placed within the monitoring process, has been discussed primarily in an ideal abstract framework. Practical implementations exist only in a few instances to date. That notwithstanding, specific approaches to communication can already be found in many projects that are currently being implemented for Regional Labour Market Monitoring. The goal of this essay is therefore to sensitise actors in projects and other interested parties to these elements, and to encourage further developments of these elements in terms of a systematic communication function. Continued development requires however not only a differentiation and extension of existing elements and instruments, but also a fundamental change of perspectives, specifically a turning away from an exclusive supply orientation on the part of information producers to a demand oriented determination of informational contents and corresponding information transfer. A further step, which is not unconnected with this change of perspective, would changing the currently dominant focus on instruments for data generation and analysis. This means that in addition to the information function of monitoring, the communication function has been treated as equally important and needs to be conceptually integrated into the projects.

The implementation and further development of the communication function that we are encouraging here can be advanced through momentum coming from theoretic and academic perspectives. It may be expected that corresponding momentum can be derived from, e.g. outcomes from the working group 'Diffusion of Information', which was established within the settings of the European Network of Regional Labour Market Monitoring.

For further development of the communication function, however, it should be kept in view that there is still a gap between the communication processes on the one hand and the actual decision making and actions of labour market actors and those of labour market politics on the other. It is still not clear how knowledge relevant for action in the sense of human agency<sup>5</sup> arises from information communicated, and in particular, how this problem is to be conceptualised for monitoring processes (c.f. Schmid in this volume).

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Human agency is here defined following the approaches of Rational Choice (c.f. Emirbayer, M. 1998; Esser, H. 1990). The concept refers to the perception of information and its selection, the linkage with subjective or collective experiences and conception about future developments, as well as the planning and execution of actions that result from these.

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## Monitoring Systems Related to Specific Topics

### **LAGMO – The Regional Labour Market at the Border Zone of Austria, Hungary, Slovakia, and the Czech Republic – A Cross Border Labour Migration Monitoring**

*Marc Bittner / Michaela Hudler-Seitzberger*

#### **1 “LAGMO” – A Scientific Approach of the Paul Lazarsfeld Society for Social Research**

On May 1st, 2004 – beside others – three neighbouring countries of Austria – the Czech Republic, Hungary and Slovakia – became members of the European Union. The impact of this enlargement on the labour markets in each of these countries and especially on Austria has been the subject of numerous studies, which have resulted in just as many different estimates of the expected commuter and labour migration figures, depending on the methods used in these studies (see Demel/ Profazi 1998, Walterskirchen/ Dietz 1998, Gächter 2000, Huber 2001).

All the studies agree, however, that on the one hand no huge migration flows are to be expected in the course of EU-enlargement, but that on the other hand cross border commuting will become the far more important phenomenon in that context, especially because of existing differences in the wage level between “old” and “new” EU-member states. In any case a solid information base about the movements on the labour market is considered necessary if negative developments are to be prevented.

Because the commuter and migration potential cannot be accurately predicted, the only reliable source of data on labour market changes focussing labour migration in our point of view appeared to be a regular monitoring. Particularly important in this context is the fact that in the course of the EU-enlargement in the year 2004 many “old” EU-member states (including Austria) determined transition periods which restrict the possibilities for workers from the “new” member countries to take up employment in “old” EU-member states.

Hence the Paul Lazarsfeld Society for Social Research (PLG<sup>1</sup>) used national and international experience and previously successful tools and methods to develop a valid monitoring system called “Labour Market Monitoring (LAGMO) – Development, Application and Validation of a Monitoring Tool to Regularly Observe the Changes on the Labour Market in the Course of EU-Enlargement”. The corresponding research project by the same title has been subsidised by funds from “INTERREG III strand A” of the municipality of Vienna, is co-financed by the Austrian federal ministry of economics and labour, and is based upon representative surveys.

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<sup>1</sup> In German: „Paul Lazarsfeld Gesellschaft für Sozialforschung“. The PLG is a non-profit, non-university research institute, which in the tradition of Prof. Paul F. Lazarsfeld (an Austrian-American Sociologist [1901-1976], amongst others Director of the “Bureau of Applied Social Research” in New York) deals with the conception of the empiric-quantitative research of social and political phenomena. Subjective opinions and attitudes are in the centre of the analytic work of the PLG. Complementary secondary statistical material and literature studies are being used to be able to analyse the results of the primary data collections in a wider context. Besides the focus on the economic and social development of countries in central and east Europe as well as in south-east Europe the PLG since 2003 also concerns itself with the analysis of changes on the labour market in the course of EU-enlargement.

The research tool was designed to analyse local willingness to commute or migrate in the central European region “Wien - Brno - Bratislava - Győr - Sopron - Eisenstadt - Sankt Pölten” (CENTROPE) and to regularly observe labour market developments in this border region.

Therefore the investigations of LAMO have been carried out on the Austrian side of the border to the Czech Republic, Slovakia and Hungary as well as on the particular other side of the border, because of the assumption that an exchange of labour force would take place. The results should give a comprehensive overview on the labour force supply as well as on the labour force demand.

The monitoring region contains the border region of the West of Hungary, the South of the Czech Republic, the West of Slovakia and the East of Austria (see figure 1). The monitoring system has been developed multi-nationally in cross-border co-operation, in order to take the various cultural, political, economic, social and psychological aspects of each region into account.

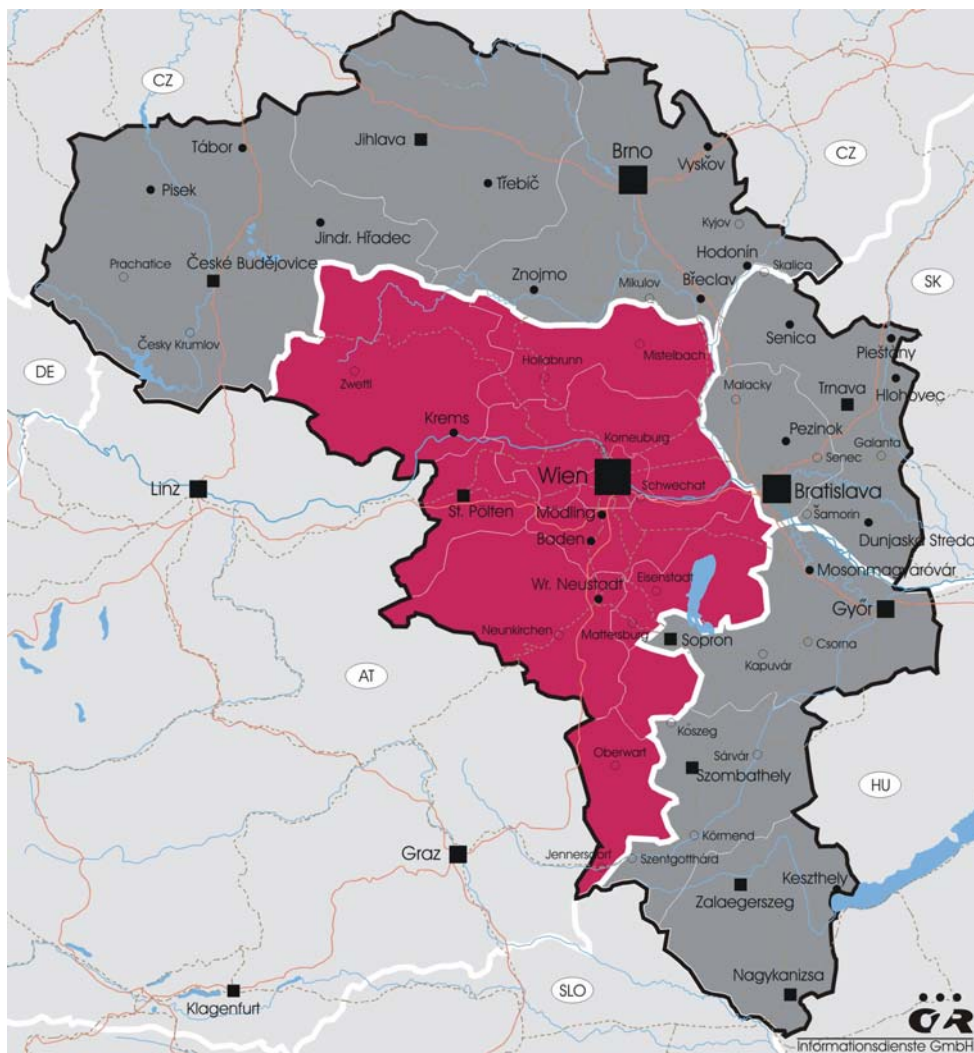


Figure 1: The Monitoring Region of LAMO

## 2 Aims and Outputs of “LAMO”

The main aim of LAMO was to collect and analyse subjective data about the willingness to work abroad and about the entrepreneurial demand of labour force.

Another aim was to establish international co-operation in labour market and economic development among experts, institutions, communities, and companies in the border areas, as they are the ones immediately impacted. This co-operation is essential in order to make the correct choice of regions to be surveyed as well as to analyse the border region in the Northeast of Austria with the Czech Republic, Slovakia, and Hungary in the framework of project “LAMO”.

The project intended to contribute to the development of the regional labour market and social system within the context of EU-enlargement, and specifically to establish a monitoring network of co-operating labour market and social policy institutions plus regional social institutions to ensure the availability of reliable and valid data on labour market developments for years to come.

The results of LAMO are relevant for policy makers in order to predict labour market developments in the border regions, and they provide a basis for labour market and migration policy in the course of the transition period on the Austrian labour market. In Austria the transition period on the labour market in spring 2006 has been extended until spring 2009 – then another evaluation will be the basis for a possible last extension until 2011. Besides the economic key data (unemployment rates in the region, economic development on both sides of the borders, employment rates of foreigners, et cetera) the results of LAMO have been taken into consideration for the decision on the extension of the transition period. Although these results indicated a rather “passive” labour migration potential (characterised by a very vague wish to commute or migrate<sup>2</sup>) in the neighbouring countries the Austrian government preferred to protect the labour market for three more years to allow a better preparation for the time after the liberalisation of the Austrian labour market.

The results of LAMO have been published in a multi-lingual brochure (Bittner/ Hudler-Seitzberger 2005). A number of documents presenting the LAMO-data are freely available in the internet on the multi-lingual<sup>3</sup> website “<http://www.arbeitsmarktmonitoring.at>”. A series of lectures presented the results to target groups (labour market experts, economists, educators, local politicians, et cetera) and to other interested parties in the regions. These events allowed the transfer of the scientific data into practice and were a good opportunity for expert discussions about regional labour market problems.

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<sup>2</sup> This is in opposition to the very small “active” labour market potential which is characterised by persons who want to work in Austria, who are able to speak German, who already made preparations for a labour migration and want to realise their wish to migrate within two years.

<sup>3</sup> The four languages of the monitoring region are German, Czech, Slovak, and Hungarian.

### 3 Methodology of “LAMO”

Within the framework of LAMO in a first step the Paul Lazarsfeld Gesellschaft carried out a desk research to review relevant national and international studies dealing with the estimation of potential labour migration flows. The methodological approaches as well as the main results of those studies have been documented and reviewed (see Bittner/Hudler-Seitzberger 2004a).

The most useful international sociological study for the project LAMO appeared to be the “Mexican Migration Project” by Douglas S. Massey<sup>4</sup> which (since 1982) uses the concept of “community studies” to analyse the labour migration potential at the United States–Mexican border. The methodology of these community studies concentrates on surveys which are carried out in regions with certain local economic and structural features during the winter months to better cover respondents who are willing to migrate or commute. This concept was adapted by the Paul Lazarsfeld Gesellschaft to analyse the border region in the Northeast of Austria within the project LAMO.

Other interesting approaches using the survey methodology to estimate labour migration flows are the studies by Fassmann (who analysed the migration potential in Poland, Hungary, the Czech Republic, and Slovakia; see Fassmann/ Hintermann 1997) and by Bastyr and Vavreckova focussing on the migration potential in the Czech Republic (see Bastyr 2001, Vavreckova 2002 and 2003).<sup>5</sup>

On the basis of this review the monitoring tools have been developed. They include qualitative guided expert interviews, household surveys and enterprise surveys. The sampling procedures for the household and for the enterprise surveys rest upon a space structural and regional-economic analysis by the „Austrian Institute for Spatial Planning“ (ÖIR<sup>6</sup>). The selection of the samples is a very important factor within the project “LAMO” as only in those regions surveys are carried out, in which a labour migration potential is estimated due to space structural and regional-economic key data.

The following section shortly describes the monitoring tools of LAMO.

#### 3.1 Expert Interviews

In cross border cooperation an interview guide for the expert talks has been developed, which was used to ask regional experts about their opinion concerning the situation and the developments on the labour market with special focus on cross-border labour migration.

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<sup>4</sup> Please refer to: Massey/ Singer 1995, Massey/Espinosa 1997, Singer/ Massey 1998.

<sup>5</sup> Some of the questions used in the surveys of these studies were (slightly adapted if necessary) taken over by the Paul Lazarsfeld Gesellschaft for the LAMO-questionnaires.

<sup>6</sup> In German it is called “Österreichisches Institut für Raumplanung”.



As experts regional labour market actors, local politicians and scientists have been interviewed. All in all 90 guided expert interviews have been carried out in the border region between March and April 2004 (45 on the Austrian side, 45 in the regions across the Austrian border).

The very interesting results of those expert interviews were on the one hand summarised in a scientific report (see Bittner/ Hudler-Seitzberger 2004b) and on the other hand used to improve the construction of the standardised questionnaires of the quantitative data collection for later stages of the study.

The interviewed experts also are part of the research network of LAMO and have been integrated in the phases of data collection, data distribution, and utilisation of the results of the project.

### **3.2 Household Surveys**

In the course of the representative LAMO-household-surveys residents in border areas (restricted to the employable population) have been asked about their personal intentions with regard to labour migration and commuting (detailed information about the samples see table 1).

*Table 1:* Samples of the LAMO-Household-Surveys

<b>Country</b>	<b>Federal State/ Region</b>	<b>Sample Size</b>
Czech Republic	South Bohemia	836
	South Moravia	1.483
	North Moravia	684
Total		3.003
Slovakia	Bratislava	804
	Trnava	752
Total		1.556
Hungary	Győr-Moson-Sopron	632
	Vas	405
	Zala	454
Total		1.491
Austria	Vienna	2.035
	Lower Austria	1.697
	Burgenland	366
Total		4.098
Total (all 4 countries)		10.148

The questionnaire of the household survey amongst others contains questions concerning: socio-demographic characteristics, qualifications, working status, economic situation, attitudes and values, occupational and spatial mobility, experiences with working abroad, willingness to work abroad (to migrate or commute), expectations, motives, preparations, target regions, time horizon, et cetera.

The representative surveys were carried out between November 2004 and February 2005. In the same period also the enterprise surveys (see chapter 3.3) have been executed.

### **3.3 Enterprise Surveys**

In order to determine labour market developments in a monitoring system as comprehensive as possible, also enterprises on both sides of the borders have been surveyed (detailed information about the samples see table 2).

The conception of combining a household survey on the one hand (which collects data concerning the willingness to work in the neighbouring country on the personal level) with an enterprise survey on the other hand (collecting data about the demand for workers) seemed to be essential to be able to contrast supply and demand in the area of labour migration to guarantee a realistic picture of the phenomenon.

*Table 2:* Samples of the LAMO-Enterprise-Surveys

<b>Country</b>	<b>Sample Size</b>
Czech Republic	161
Slovakia	124
Hungary	73
Austria	372
Total (all 4 countries)	730

The questionnaire of the enterprise survey amongst others contains questions concerning: structure of the enterprise, (development of the) number of employees, staffing needs (qualifications, type of employment), willingness to employ workers from abroad, types of recruitment, criteria for the choice of location for a place of business, et cetera. As already mentioned above the main results of all data collections (based upon statistical analysis) are online available under "<http://www.arbeitsmarktmonitoring.at>".

#### 4 The Perspective of “LAMO”

The positive reactions to the project LAMO as well on the part of the relevant actors in the political and the scientific field as on the part of the media showed the necessity of establishing a “Labour Market Monitoring” in Austria.

In the sense of a “monitoring” the research tools of LAMO should not only be used one time, but at least a second time to be able to analyse changes and developments in the subjective opinions and attitudes of potential labour migrants and cross border commuters as well as of enterprises. Therefore the surveys should be carried out regularly to provide reliable and comparable subjective data on potential labour migration or commuting and the demand for workers, which are relevant for the economic and social development of the regions. For example it has to be observed whether the potential of labour migrants rises or falls, whether the idea of a labour migration is becoming more concrete (point in time, target region, preparations, et cetera) and whether the demand for qualified personnel rises or falls. A positive economic development in the neighbouring countries of Austria with rising wages and new jobs possibly could make a labour migration to Austria less attractive. Reliable data on the changes on the labour market would enable political decision makers to react adequately to certain developments and trends.

Taking the transition period concerning the complete liberalisation of the Austrian labour market for workers from new EU-member states into account, in another wave of LAMO (LAMO II) the reaction of potential labour migrants in our neighbouring countries to the political decision to extend the transition period until 2009 will be analysed. The second wave of data collection (LAMO II) is planned for the period November 2006 – February 2007,<sup>7</sup> the whole project should be finished in November 2007.

The project results of LAMO II will be integrated in the freely accessible information system built up during LAMO I (including an internet presentation and a documentation of all materials on CD-ROM) so that developments and trends can easily be detected by the user. The research and information network of LAMO I will be upgraded and the co-operation with actors in the fields of economy, labour market, communities, regional management, educational institutions, and enterprises will be continued and extended to guarantee sustainable effects of the LAMO-initiatives and results.

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Changes of opinions and effects of sanctions are measurable only after a certain time interval. In social research a time interval for such investigations of two years is custom. Many survey programmes (for example ALLBUS) collect data every two years.

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## Statistical Labour Market Monitoring in the International Lake Constance Area

*Jonathan Schulz / Markus Weißkopf*

### 1 Labour Market Monitoring in a Border Region

The term Labour Market Monitoring comprises a wide spectrum of approaches in order to observe the labour market.<sup>1</sup> In what follows we will present the approach taken in our area, the International Area of Lake Constance.

One distinctive feature of our approach certainly is its cross-border nature. In order to gain an understanding of our approach we will first give some background information about the history of our project.

#### 1.1 History of the Project

Four countries (Switzerland, the Principality of Liechtenstein, Austria, and Germany) belong wholly or to some part to the International Area of Lake Constance. Switzerland and Liechtenstein are not part of the European Union. Nevertheless there is an ongoing integration process in the international region, which has been calling for profound statistical data.

However, regional statistical data – systematically collected and comparatively edited – as a basis for profound decision-making were not available for a long time. Due to the great demand for such data first attempts at cooperation between the statistical departments of Switzerland, Austria, the Principality of Liechtenstein, and Germany were made after. The present project was set up to fill the informational gap with respect to the labour market. The project was initiated and funded by EURES-Bodensee. EURES (European Employment Service) is a programme of the European Union with the main aim of intensifying cooperation in the European labour market.<sup>2</sup>

#### 1.2 Basic Conditions

As a result of its cross-border nature labour market monitoring in the International Area of Lake Constance has distinctive conditions:

- In contrast to Regional Labour Market Monitoring within one country, the collection of comparable data is more difficult in an international context.
- An area situated in a border region has an informational disadvantage.
- Of special interest are data unique to a border region, like cross border commuters.
- The Swiss partners involved in the project have their main focus on evaluating the effects of the Bilateral Treaties with the European Union.<sup>3</sup>

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<sup>1</sup> For a description see LARSEN et al. (2005).

<sup>2</sup> Altogether there are 20 EURES border-regions. In those regions, unions, employers' federations, and labour administrations cooperate to bring down barriers in cross-border labour markets. EURES-Bodensee – founded in 2003 – is the youngest of these cross-border partnerships.

<sup>3</sup> Although Switzerland is a member of the European Free Trade Association (EFTA) the Swiss people decided in 1992 not to join the European Economic Area (EEA). However, Switzerland went into negotiations with the EU over special relations. The *Bilateral Treaties I* include agreements on people's mobility, air traffic, agriculture, technical mobility obstacles, research, and public procurement functions. These agreements came into force on 1<sup>st</sup> June 2002. The *Bilateral Treaties II* include Switzerland's entry to the Schengen and Dublin Agreements (e.g. ZIMMERMANN 2000)

- Because of financial constraints the project has to rely on secondary data.
- Cooperation of four countries can make simple things difficult. Different accounting systems or working cultures influence the project.

## **2 The Need for a Labour Market Monitoring in a Border Region**

### **2.1 Informational Disadvantages in Border Regions**

National borders constitute constraints not only on the free flow of goods, services, and labour but also on information. This is true in particular for information about the labour market: National statistics often give a blurred picture of border regions. One example is that quite frequently cross-border commuters are neglected in statistics about employed persons measured at residence, due to data limitations. In our region, with more than 30.000 employees commuting, the impact can be substantial. If, for example, these commuters are neglected, an employment rate at residence will be too small. The workforce is underestimated.

Information existing in the foreign country often simply is not used. One reason is that more effort has to be exerted in collecting the necessary information. A simple example: In order to find data on one single topic many more statistical offices have to be contacted.<sup>4</sup> Another important reason is that national labour market institutions providing and using information about the labour market have a different focus: A job seeker approaching the labour market institution in the German part of the Lake Constance Area will be sent to jobs far away in Germany, if no jobs are available within the German part of the Lake Constance area. The opportunities the Swiss labour market offers are not in their prime focus.

*The primary objective of the project therefore is to provide information in order to raise awareness of the common labour market and to increase cross boarder flexibility.*

### **2.2 The Need for Data Unique to a Border Region**

A border region has not only an informational disadvantage but also a demand for distinct data. With regard to *European integration* and the *Bilateral Treaties*, data on cross-border commuting are highly relevant.

Their relevance stems also from the fact that in some parts of our region they make up a large part of employment: In Liechtenstein 45% of employees are cross-border commuters, in some Swiss parts up to 10%. In sharp contrast is the Austrian region: More than 14.000 people commute to their workplace across the border. About every tenth employee living in the Austrian part commutes. Monitoring the development of cross-border commuting is therefore an important part of our project. Again, data does exist, but in order to get an overview of commuting we have to collect data from eight different sources. These include existing commuting statistics, census data, and administrative data of migration offices and fiscal authorities. Further, we included own estimations. Figure 1 gives an overview of commuting in our area.

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<sup>4</sup>

Fortunately, in all four countries of the Lake Constance Area the same language, German, is spoken.

### Cross-border Commuting in the Lake Constance Area, Year 2004

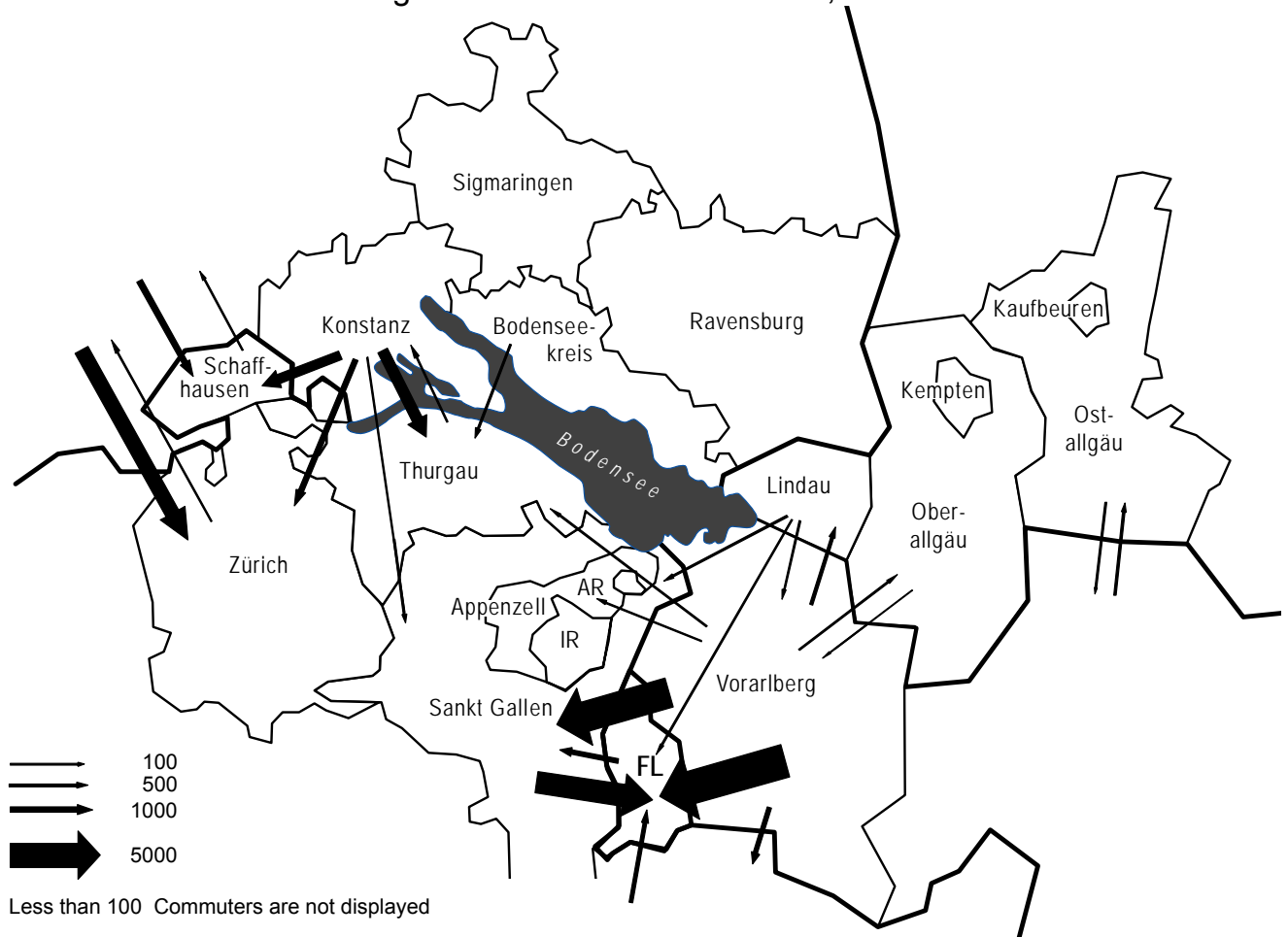


Figure 1: Results of the Monitoring Approach in the Lake Constance (Bodensee) Area

### 2.3 Evaluation of Cross-Border Programmes

A further objective is to provide reliable data as a basis for political decision making and evaluation of cross-border programmes. Thereby the main focus is on projects of the EURES-Bodensee network. One such programme “Winter im Schnee, Sommer am See” is aimed at raising flexibility in the labour market for jobs in tourism: Job seekers get an incentive to work in the Austrian Alps in winter and at the German lake shores in summer, when demands are high. With the data it is possible to show the impacts of the programme.

### 3 Features of the Monitoring Approach in the Lake Constance Area

#### 3.1 Dissemination of Information

Central to our approach is the provision and dissemination of relevant information about the labour market to a wide audience in an easily accessible way. This is done primarily through our website. At the heart of the website is a geographic information system (GIS). With GIS you can link information to the different regions. Indicators of the labour market are visualised in a very good way. Without having to study tables with data, users get an impression quickly. For a deeper or broader analysis the users also find tables with data and articles or are invited to contact us for further information. The data on the website is updated once a month.

Other media include printed publication of articles, brochures and flyers.<sup>5</sup> The link between those publications is that we always try to keep things short and simple as well as we try to visualise our results.

#### 3.2 Harmonisation of Existing Data

In our labour market monitoring approach we almost exclusively rely on secondary data.<sup>6</sup> It is mostly due to financial restrictions. This raises the issue of comparability. Between the four countries exist wide discrepancies in definitions and data collection practices. Even though all four countries take part in the European Labour Force Survey we cannot use this data.<sup>7</sup> Our region is too small and data stemming from the survey are only updated once a year. Furthermore, being a border region we need data on specific topics like commuting.

Therefore we attach much importance to these methodological issues. These are constantly discussed with a board of experts. For harmonising the data we undertake several approaches:

- documentation of the differences / choosing the most appropriate statistics,
- qualitative description of the direction of the bias,
- time series analysis, and
- estimations based on survey data.

The first step was to develop a raster containing different criteria to describe the underlying data generating processes (DGPs) of the statistics. This allows us to get a good overview of the differences in the statistics and to choose the most appropriate national statistics with regard to comparability.

The systematic selection is an important part of the harmonisation process: We found out that in publications in the cross-border context often not the most appropriate statistics with regard to comparability are used. The most important criteria in the raster are certainly "*population of the statistic*" and "*definition of attributes*", but even when the statistics have the same definition of the population or attributes they can vary substantially due to differences in the data collection process (administrative data / difference in surveys).

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<sup>5</sup> Further information can be found at the web site "<http://www.statistik.euregiobodensee.org>".

<sup>6</sup> We use all available data. Mainly they stem from the labour market offices and statistical bureaus.

<sup>7</sup> For issues concerning comparability of the European Labour Force Survey see HETHEY (2006).



Therefore we included criteria like "*type of data collection*".<sup>8</sup> Further criteria focus on accessibility (referring to topics like responsible institution or updating). As a second step we created a documentation for the user. This documentation contains the definitions of the indicators, data sources, and two further topics "comparability" and "harmonisation". These topics explain in which respect comparisons are possible and what steps for harmonisation have been undertaken. Even though the data is never fully comparable the user gets information about the direction of possible biases and the steps we undertook for harmonisation.

For harmonisation purposes we only rarely use own estimation. If necessary we created our own classifications. This was the case for example with unemployment and job vacancies according to job categories.<sup>9</sup> A further way to harmonise is to focus on the development of different indicators over time, since this mitigates the problems of comparability.

To sum up our work regarding the comparability mostly consists of creating a documentation, informing the user and in publishing the most appropriate statistics in the most appropriate way.

### **3.3 *Participation of a Board of Experts***

For the realisation of the project a board of experts has been implemented. Altogether eleven experts are part of the board. Those experts descend from the different statistic offices, labour bureaus of the boarding regions, and one scientific institute. The board of experts meets three to four times a year. The treated topics are:

- clarification of methodological questions,
- the conceptual approach,
- change over specific topics in national statistical data, and
- analyzing and interpreting the data.

Moreover the experts are at the disposal the whole year for the realisation of the project as qualified counterparts.

All the alterations in the national statistical systems as well as the actual data enter the project through the board of experts. Additional to that, there is the possibility to integrate special analysis in the project.

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<sup>8</sup> A further criterion is "changes in the DGPs over time". This is especially important and may cause considerable problems, since most data on unemployment depend on the design of the unemployment insurance. This insurance is subject to frequent changes.

<sup>9</sup> Even though there are international classifications, national labour market institutions use at a regional level their own classification, which are not comparable.

## 4 Conclusions and Perspectives

Two factors influence the labour market monitoring in the international area of Lake Constance, the first being the internationality of the project and the second being the reliance on secondary data. Taken together this means that much effort has to be put in work concerning methodological questions about the comparability of the existing statistics. Further the internationality raises demand for distinct data, such as on cross border commuters.

In each country different labour market policies are in place. One advantage is therefore that one can learn from an evaluation and a comparison of these different policies. This is one area the project will deepen on. More insides on the effect of the different policies are to be gained.

Further work will be on specific topics. Knowledge about commuting will be deepened. Another topic is the labour market for academics.

Relying on secondary data imposes a constraint on the questions to be answered. Further the project is mainly concerned with the present developments. Desirable are predictions of the future evolutions. Therefore the perspective is to implement an international survey to overcome the data restrictions and to predict future labour demand.

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## Older Workers in the Focus of Regional Labour Market Monitoring

Michael Gebel

### 1 Introduction

All European countries are experiencing *population ageing* because of both declined fertility rates and increased life expectancy. This demographic change is one of the most important current and future challenges facing European countries. It will have strong consequences for the labour market and the welfare state (Börsch-Supan 2003). Recent and projected patterns in fertility, mortality, and migration rates should lead to a shrinking of the economically active proportion of the population because the number of workers retiring each year will increase sharply and eventually exceed the number of new labour market entrants. In this process, young workers are increasingly becoming a scarce resource. Furthermore, there will be a steep increase in the old-age dependency ratio. If there is no change in work and retirement patterns, the ratio of older inactive persons per worker will almost double from around 38% in the OECD area in 2000 to just over 70% in 2050 (OECD 2006). These developments are likely to place substantial pressures on the sustainability of social protection systems in most European countries.

Concerns about labour shortages and the fiscal gap in social security systems were key drivers for a policy paradigm change. Past policies targeted at early retirement of older workers to tackle increasing unemployment are abandoned and substituted by policies aimed at keeping older employees in the working force or even (re-)integrate them. Many countries have implemented policies targeting older workers, e.g. removing previous incentives to early retirement, proactive labour-market programmes, and introducing incentives to remain in the labour force. Hence, older employees have become a *special target group of labour market policy*. Older employees, however, still face labour market problems because of work disincentives and a low labour market demand.

Facing ageing of the working force and older workers as a target group with specific labour market problems, there is need for *systematic information* about the labour market situation of older workers. The precondition for the functioning of labour markets is adequate information for all actors involved. For example, older employees profit from information about their specific labour market prospects and qualifications required. Employers can gain knowledge of special skills of older workers as well as best practise to deal with demographic change. Local policy makers depend on detailed information to optimise labour market policy for older employees. *Labour Market Monitoring (LMM)* as a system of systematic continuous information gathering and observation of labour markets is *the* adequate instrument to reduce information deficits concerning older employees (Larsen et al. 2005). It reports systematic and validated information about the labour market situation to different actors.

Several reasons for a *regional focus* of LMM of older workers are known: there are age-specific regional migration patterns with the consequence that especially rural and structural weak regions have a large over-supply of older workers and a lack of qualified young workers. Furthermore, with the decentralisation of labour market policy and the regional diversity of labour markets, region-specific information about the labour supply and demand of older workers is necessary. Regional LMM can identify quality and quantity of labour supply and demand as well as reasons for regional mismatch patterns.

Existing regional LMM systems frequently provide only sub-optimal labour market information about older workers. Additional information is essential. Chapter 2 sheds light on necessary information about labour market supply of older workers. Labour demand issues are summarised in chapter 3. Chapter 4 gives a short selective overview of existing regional LMM systems that have already analysed labour market aspects of older workers. Finally, chapter 5 concludes with perspectives and potential further developments of existing LMM systems.

## 2 Labour Supply of Older Workers

In 2004, less than 60% of the population aged 50-64 had a job in OECD countries compared with 76% for the age group 24-49 (OECD 2006). Despite sustained increases in life expectancy, the effective age of final withdrawal from the labour market has been declining in many European countries. However, there are substantial differences among older workers, i.e. age-related patterns of labour force participation vary between subgroups defined by gender, skill, industry sectors, and regions. Therefore, in regional LMM systems, systematic information about the *labour force participation rates* and *retirement patterns* of older workers has to distinguish between subgroups that individuals belong to.

Several *institutional barriers and disincentives*, e.g. early retirement schemes, influence labour supply decisions of older workers. Regional LMM could identify the share of older people facing specific institutional barriers and disincentives to carry on working or to rejoin the labour force if inactive. For example, the number of older workers using early retirement pathways should be monitored.

Active older workers in many European countries and especially in Germany currently face several serious labour market problems, i.e. they have a relatively high incidence rate of long-term unemployment. The academic literature views *skills mismatch* as a central impediment to the (re-)employment of older workers. Older employees suffer not only from lower educational levels. They also tend to experience a depreciation of their human capital and obsolescence of their skills and experience with rapid technological change, globalisation, and the ongoing shift out of manufacturing and into services. This implies that individuals increasingly have to acquire new skills and upgrade their existing ones to maintain their employability. In many European countries, there are active policy measures with the goal to improve training opportunities for adults under the heading of *lifelong learning*. Regional LMM systems can provide detailed information about the unemployment rates among older workers. Furthermore, skill issues, including the extent to which older worker's skills are out-of-date or obsolete have to be addressed. Information could be gathered about the qualification structure of older people and their participation rates in training measures.

Moreover, regional LMM systems should take *motivational factors* influencing employment patterns of older workers into account. The number of discouraged older workers is of central importance, i.e. people currently out of the labour force and not on job search. The reasons have to be detected: are the financial incentives to carry on working or (re)entering the labour force too low? Is it due to qualification mismatches with existing job vacancies? Is there evidence for a lack of occupational and regional mobility?

### 3 Labour Demand for Older Workers

Regional LMM systems can provide systematic insight into the determinants of labour demand for older workers: regional sector-specific age structure, firms' age structure, firms' recruitment behaviour, demand side employment barriers, employers' awareness of ageing, and age-specific working conditions.

There is need for general information about current *regional sector-specific age structures* and future trends. Surveys show that the share of older employees significantly varies between different sectors: older employees are overrepresented in public services and declining industries, they are underrepresented in growth areas especially the service sector. One important question is if the ongoing shift towards a service economy will provide new job opportunities for older workers as well.

The (re)integration problems of older workers show up especially in employers' *recruitment behaviour*. Past surveys have delivered evidence for youth-centric recruitment policies. For example, 40% of all German companies do not have a single older worker among their staff. In addition, only one in two companies would be willing to employ older job applicants without special conditions, while some 15% would not hire an older worker as a matter of principle (Bellmann et al. 2003). Regional LMM can analyse the share of older workers of newly recruited employers. Furthermore, it can address the reasons for not hiring older people: for example, are jobs requirements not congruent with the skills and attributes of older workers or do employers generally have a negative attitude towards older applicants? Moreover, employment prospects of specific skill groups should be monitored, e.g. in order to determine whether older applicants for high-skill and supervisory job segments have better chances. Employers can be asked which qualifications and personality traits older workers should possess to have better employment prospects.

Older workers also face a number of *demand side employment barriers*. For example, *special employment protection rules* can be counterproductive by reducing hiring rates of older workers because of increased lay-off costs. The *seniority principle*, i.e. wages and non-wage labour costs that rise more steeply with age than productivity, can negatively affect employers' hiring and firing decisions with respect to older workers. For employers it is cheaper to hire equally qualified younger workers instead of older workers. Besides these objective factors, employers' negative attitudes towards hiring and retaining of older workers can reflect subjective attitudes. Survey evidence suggests that *age discrimination* leads to a consistent disadvantage of older workers in the recruitment process. Employers' perceptions of older workers' capacities are influenced by ageist stereotypes, i.e. they believe that older workers are inflexible, hard to manage, lacking enthusiasm, are unwilling to master new technologies, and have deteriorating capacities. For example, Büsch et al. (2004) present evidence for the existence of age discrimination in hiring decisions in Germany. Regional LMM systems should focus on the importance of these objective and subjective demand side barriers in firms' reality. Almost all European countries introduced *policies to reduce demand side barriers*, e.g. wage subsidies for older workers and legislation against age discrimination. Regional LMM should answer the question whether these policies are known to the employers and implemented at the firm level.

There is also need for information about *employers' awareness of ageing* and *age-specific strategies*. The central question is: do firms have age-specific human resources strategies in the light of demographic change? These strategies can include age-balanced working forces as well as specific working conditions and qualification measures for older employees.

Many studies suggest that there are potential positive externalities in the workforce between generations of workers in the case of *age-balanced working forces*. Older workers can share the benefits of their greater work experience with younger workers and younger workers can share their knowledge of new production techniques and ways of working with older workers (Skirbekk 2003). Regional LMM could collect information on whether firms have strategies to use the complementary strengths of younger and older employees.

Older employees experience skill depreciation due to technological progress. At the same time, employers may see little or no benefits to investing in *qualification measures* for their older employees, because there remain too few years of working life to realise the returns on such investments. In reaction, policy makers have introduced specific training subsidies for older employees and policy campaigns promoting lifelong learning to reduce the risk of skills mismatch later on. Information should be gathered about training of older workers and if teaching methods and contents are adapted to the older workers' needs.

Age-specific *working conditions* are also a central issue influencing the employability of older workers. Better working conditions may counteract a decline in productivity with age, reduce the risk of disability among older workers, and make work more attractive to older workers. There are several possible age-integrating human resources policy measures: for example, facilitating access to part-time jobs and developing flexible work arrangements are ways to give older workers greater choice and smooth work-retirement transitions. Healthy and ergonomic workplaces will help to maintain the health of workers. For example, few German companies offer specific workplace measures targeted at their older employees. 93% of the companies with less than five and 83% of those with five to 19 employees offer no such measures (OECD 2005). Regional LMM systems should address the questions: are there specific working places and working arrangement for older workers? Which role do health prevention measures play in human resources management?

#### **4 Age-Specific Dimensions in Existing Labour Market Monitoring Systems**

European countries have implemented many different LMM systems based on different concepts and instruments. Regional LMM systems with a special focus on older employees are relatively rare<sup>1</sup>, but the existing ones are very promising and should be a starting point for further developments. In this chapter, a selective and short overview of three existing approaches in Germany should give some first practical insights.

The German federal state Bremen has introduced a regional LMM system called *Regional Monitoring System for Qualification Development (RMQ)*, which was developed in the University of Bremen's EQUIB project. This LMM system looks especially at the development planning of skills training in different sectors. Among other data, Benedix et

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<sup>1</sup> There is no clear-cut point between regional target group LMM systems and systematic surveys with focus on older employees that do not call themselves LMM systems.

al. (2002) provide results from a panel survey of approximately 100 qualitatively selected businesses on the employment and qualifications of older employees. In these companies, qualitative deep interviews were conducted with human resources managers. The survey consisted of three big subject areas. First, there were questions about the relevance of older workers for the company and the age-specific human resources management. The current and planned number of older workers as well as the role of the age as a recruitment criterion was asked. Factors influencing the assignment of older workers were analysed. Second, the human resources managers were asked about the specific qualification needs and qualification measures for older workers, e.g. if there are age-specific qualification needs or if there is need for publicly funded training. A third subject area collected information about vacancies for older workers and conditions for hiring older workers. The availability of information about public support programmes for the employment of older workers and actual participation were measured. Results indicate that the staff responsible for personnel matters surveyed in the project apparently rejected the so-called deficit hypothesis, which suggests that ageing involves a blanket reduction in the person's level of performance or a lack of qualifications. Benedix et al. (2002) report a paradigm change away from youth-centric personnel policy to age-balanced human resources management with age-specific work organisation and preventative health protection. However, in the firm's real hiring behaviour, they report a persisting youth-centric bias despite personnel managers' claims to the opposite. There seems to be a discrepancy between the politically correct answers and firms' reality. In addition, the RMQ survey finds out that the underutilisation of government assistance measures that promote the employment of older workers can be attributed to information deficits on available government support.

A second example for a regional LMM system with a special survey of older employees is the *Objective 2 labour market monitoring* of the German labour market region of Kaiserslautern funded by the European Social Fund and the regional labour ministry. In 2004, about 400 enterprises were surveyed with the goal to shed light on the employment situation and prospects of older workers (Gettmann 2004). The survey was divided into four main aspects. First, the employment patterns of older workers in general and the age-specific firm structures were analysed. The degree of age-specific differences among different sectors and over- or under-representation of older employees were measured. Second, the employment chances of older workers as well as the typical age-specific recruitment behaviour of firms were analysed. The survey collected information concerning the hiring conditions for older workers, the qualification structure and other characteristics of hired older workers, and, in general, the proportion of older hired workers. Third, the employability of older workers in terms of qualifications and labour demand were analysed. Fourth, questions about special human resources measures for older employees were asked: e.g. are older employees equally represented in further education? Are there specific qualification measures for older workers? Are health prevention measures provided and do age-specific work places exist? One main result of the survey is that about 60% of all surveyed enterprises do not employ older workers. There is also a huge diversity in the share of employed older workers among specific sectors, with low shares in the service sector. Older workers are especially employed in high-skilled and supervisory positions. Their hiring chances are relative low, but there is variation with respect to sectors and skills. Only few enterprises have age-specific human resources measures, the share of older workers in further training varies between sectors.

A third example is a representative enterprise survey in 2006 about the employment prospects of older workers in the German region Offenbach in the project “*Chance 50plus*” financed by the federal ministry of labour and social policy (Wagner / Schmid 2006). The age-specific sector employment structures are analysed. The results indicate that about 31% of the firms do not employ workers aged over 50 years. The share of older workers again varies significantly between sectors. One further goal of the survey was to analyse the firms’ recruitment behaviour and attitudes towards older workers. The survey concludes that for 68% of all enterprises age is not a recruitment criterion. In general, a positive attitude towards older workers is found. Furthermore, firms were asked about the qualification and personality requisites of older potential employees. General work experience, keen perception, and intellectual ability were often mentioned. One main result of the survey is that firms have in general a positive attitude towards older employees, but in reality, their recruitment behaviour is youth-centric.

## 5 Perspectives and Further Developments

Existing regional LMM systems frequently provide only suboptimal labour market information about older workers. However, the examples in chapter 4 show that there are already promising approaches. Such regional enterprise surveys with a focus on *labour demand for older workers* should be conducted regularly and systematically to gather valuable information for all labour market actors, especially regional policy makers. Large-scale enterprise surveys combining quantitative and qualitative information can reduce the information deficits concerning older workers. Especially questions about hiring practices and proportions of older workers hired should provide information about the discrepancy between the politically correct answers given by personnel and firms’ reality. This labour demand information has to be further supplemented with systematic knowledge about current and future trends in *older workers’ labour supply*. Usual labour market indicators, e.g. labour market participation rates, have to distinguish between subgroups that older individuals belong to.

Future trend projections have to incorporate the effects of the demographic change (Hilbert/Mytze 2002). Additional information is required about the retirement decisions of older workers, and the institutional and personal reasons for the low participation rates of older workers. Based on these labour supply and demand information the *quality and quantity of mismatches* should be examined to adjust existing and implement new active labour market policies optimally. Age-specific regional mobility trends and large regional disparities make a *regional orientation* of LMM systems indispensable. Therefore, there is clearly a need for regionally aligned and applied target group monitoring of older workers.

Furthermore, *adjustments in the reporting and communication* of regional LMM information are necessary. Older employees as the specific target group can gain information about their specific labour market prospects, qualifications needed, and the new goal of lifelong learning. Employers obtain objective information about older workers, e.g. their skills and comparative advantages over younger workers, special labour market policy programmes, and best practise age-specific human resources policy measures of other companies. Suppliers of further education can optimally provide new training measures for older employees that cater to the special needs of employers and changing labour market conditions. Finally, local policy makers can adjust existing and implement new labour market policy measures to improve the labour market chances of older individuals.



Regional target group LMM can also provide detailed *information for Labour Market Policy Monitoring (LMPM)*. There are several new labour market policy measures targeting older workers like training measures, wage subsidies, altered employment protection, and unemployment insurance legislation. It is not clear if all these programmes work into the right direction. For example, initiatives to encourage the employment of older workers may stigmatise them and may run the risk of deepening age prejudices. Given that older workers differ by gender, skill level, health, et cetera it is not clear if these programmes are efficient and effective for all groups of older workers. LMPM systematically collects data on these measures and their effects.

Regional target group LMM can provide complementary data, because there is a linkage between LMPM and LMM in two ways. On the one hand, the labour market situation is an important criterion for the distribution of labour market policy funds across regions. On the other hand, the impact of labour market policy on e.g. employment and unemployment is bound to show up in LMM indicators (Auer/Kruppe 1996).

Both regional target group LMM and LMPM as systems of information gathering on the target group of older workers are *preconditions for subsequent causal policy evaluation and benchmarking studies*. Monitoring systems only produce descriptive data. One cannot conclude from post-programme employment rates, whether the programme has at all affected employment rates of older workers if the proportion of programme participants who would have found a job without the programme is not known. For example, wage subsidy and job creation schemes for older workers may involve substantial deadweight loss (*i.e.* a large proportion of subsidised workers would have been employed even without the subsidy) and displacement effects (*i.e.* subsidised older workers moving into jobs are simply displacing other workers ineligible for the subsidy). These effects can only be detected in microeconomic and macroeconomic causal evaluation studies (Heckman et al. 1999).

Descriptive monitoring schemes are not enough. Unfortunately, only limited evidence is available on the effectiveness of individual measures: for example, the few existing evaluation studies show that employment subsidies for older workers seem to be of limited use, despite their popularity with policymakers. The general lack of thorough evaluation studies and the inconclusiveness of the few available studies in terms of findings is largely a result of data limitations. Detailed regional target group LMM and LMPM data, however, can facilitate scientifically rigorous evaluation to detect promising programmes. Moreover, regional target group-specific LMM information can be used for benchmarking studies of regional labour markets to detect best practise on the regional level with respect to the labour market integration of older employees (Tronti 1998).

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## Young Persons in the Context of Regional Labour Market Monitoring

*Yvette Grelet*

### Introduction

During the past two decades, access to employment in France has been gravely hindered for the young beginners, despite numerous labour market policies. Leaving school early, without a diploma or with low qualification has become particularly risky. In the meantime, France experienced a top-bottom movement of decentralisation which transferred the decision power from the state to the regions. One may say that now, the regional level is acknowledged as the relevant level for the design and implementation of coherent educational and labour market policies. Great expectations rely on the capacity for the regions to hold back the persistent difficulties of young people on the labour market.

## 1 Youth Labour Market Monitoring: Why and Where?

### 1.1 *Features and Strains of Transition Processes in France*

International comparative researches initiated by Maurice et al. (1982) aim at disentangling the main institutional factors responsible for the variety of features of labour market transitions. Among the institutional bases of labour market entry patterns, Müller and Gangl (2003) underline the role of education and training system, labour market structure, labour market regulation, and active labour market policy as impacting heavily on individuals' transition processes. According to Hannan et al. (2001), France is characterised by the loose coupling of its education and training system with employer systems, a limited school involvement in employment decisions, and by a low occupationalisation of the labour market: these features do not favour a smooth entry into working life. Couppié and Mansuy (2003) show that, by contrast to "occupational labour market countries" like Germany or The Netherlands, where the transition process is altogether early and smooth, in France large proportions of young people stay in full-time education up to 25, and their integration into the labour market is often problematic: for them, the only port of entry into working life is often the secondary market, and their first steps alternate unemployment spells with part-time, low-paid, and short-term jobs. It seems that a better linkage between French labour market and education and training system could help improving youth labour market integration. This was attempted through the development of vocational training in France, and particularly the impulse given to apprenticeship<sup>1</sup>, which occurred within the frame of decentralisation of responsibilities in this field from the state to the regional level.

Tomorrow's labour market is at stake through the integration of young people in the world of work: recent changes introduced by the new economy seem to lead to a weakening of experience as a good signal for employers (Germe, 2001), and to generate a reshaping of job status standards. Young people are in the heart of this conversion movement towards more employment flexibility (Fondeur and Minni, 2004), and they play a central role in the restructuring of the labour market. This creates a growing need for a better knowledge of the mechanisms behind the transition processes and their ongoing evolution. Analytical

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<sup>1</sup> In ten years, the number of pupils enrolled in apprenticeship increased by almost 25 percent.

approaches led at a local level help for a better understanding of the training-employment relationship: the region is a good level of observation of these mechanisms.

Comparative analysis methodology may be transferred from the national to the regional level, and we can learn more about the impact of structural and societal attributes on the transition processes from the comparison between regions or sub regional territories. Contrast between Paris and the provinces is the most striking example of geographical disparities. Actually, the still centralised French economy leads to a marked imbalance between the Parisian region and the provinces: with one fifth of the total population, Ile-de-France comes far ahead the other regions as regards economic wealth, diversity of training supply, and dynamics of the labour market (CCPR, 2000). This favourable context has an impact on the school-to-work transition, which is smoother in the Parisian region, whatever the schooling itinerary of the youths: holding a vocational diploma of secondary level in Paris or of tertiary level in provinces can lead to a comparable position. Within provincial regions too, there are important discrepancies, due to differences in unemployment level and regional labour market health, but also to juniors' geographical mobility, very important at this stage of their life (Caro and Martinelli, 2002). Many researches converge to underline the influence of local context on the quality of transition, at a regional level as well as at a lower geographical level. As they are specific places where altogether are at work social reproduction patterns, confrontation between supply and demand for education and training and for employment, and implementation of national and local policies, local areas are indeed privileged observation places of school-to-work transition functioning (Grelet, 2006).

At this level, decision-makers are also closer to the field of application of their policies, and in a better position to adapt them to specific local features. The conviction that monitoring labour market from this level should be more successful has been a strong incentive for pushing a highly centralised country like France towards decentralisation.

## **1.2 The French Decentralisation as a Guarantee of a Better Monitoring**

From the 80s, the state began to redistribute power from the centre to the regions, in the field of education and training, and widened in 1993 these responsibilities to employment, youth transition and vocational training. After a long and progressive start, the trend increased recently. Even if the state administration kept upholding a predominant position among the partners, in particular through a network of technicians, the role of the regional council (a deliberative authority consisting of elected regional councillors), as a key player in the field of employment and vocational training is no more under contest. As regards the conduct of education policies, the reform of the vocational training in France was launched in 1993 with the vote of the *Five-Year Law* relating to jobs, employment, and vocational training. This law divides responsibility among the state, the regional authorities and professional organisations for defining and implementing policies and programmes for vocational training. A partnership between the state and the region is negotiated in the context of the *State-Region Planning Agreement*. This contract is adopted for a period of five years. It commits both partners to common points of action they give priority to, and they finance together (like building new universities for example). On the one hand, the state remains responsible for teaching personnel and keeps a predominant role in the definition of diplomas and forms of certification; on the other hand the region has the leadership in the definition and direction of vocational training policies, according to its economic and social development. The setting up of co-ordination structures is geared at building bridges between the different bodies, and facilitating the monitoring of individual pathways.

The fear of the legislator was that the decentralisation would favour territorial inequalities. To prevent an increase in disparities between regions, a national co-ordinating committee was created: the role of the *Comité de Coordination des Programmes Régionaux d'apprentissage et de formation professionnelle continue* (CCPR<sup>2</sup>) is to help the development of state and regional programmes in a coherent and harmonious way. The CCPR has also been put, by the law, in charge of evaluating every three years the regional policies of vocational training. The chosen assessment criteria is that individuals be granted equal opportunities of accessing to training and employment, whatever their geographical or social origin (CCPR, 2000). From the beginning, the *Centre d'études et de recherches sur les qualifications* (Céreq) is involved in assessment operations, the CCPR relying on its expertise to carry out the evaluation of the *Five-Year Law*.

## 2 Céreq and the French Research on Training-Employment Relationship

### 2.1 School-Leavers' Surveys: A Tool for Labour Market Monitoring

Céreq is the French research centre on training, employment and qualification, placed under the aegis of the *Ministry of Education* and the *Ministry of Labour*. It is involved both at once in the production of statistics, research, and the accompaniment of actions. Its expertise is at the service of the key players in training and employment. Céreq provides advice and proposals intended to clarify choices in the area of training policy at regional, national, or international level. The key themes of its work programme are youth access to employment, changes in the certification systems, and continuing training practices in the companies.

For more than thirty years now, Céreq leads regular surveys aiming at improving knowledge and understanding of school-to-work transition. *L'Observatoire national des entrées dans la vie active*<sup>3</sup> that was created after the first statistical studies on labour market entry had shown the pitfalls of a too mechanistic forecast. Trying to match the estimated recruitment needs of firms and the outflows from initial education and training system is indeed too simplistic and does not account for the complexity of labour market functioning: first of all, school-leavers are in a minority among the newly hired (no more than 15%); second, recruitment needs of employers may be fulfilled either by school-leavers entering the labour market, or via internal promotion; third, once on the labour market, young people may diverge from the tracks where their education was supposed to lead them: among young people having exited a vocational track in 1998, one out of two did not work in the field of occupation she or he was trained for (Lopez, 2003). These results point out the deficiency of models based on a simple match between training and employment, and the enrichment brought by longitudinal data.

School-leavers' surveys are specially designed to study mobility on the labour market: mobility between firms, sectors, occupation and wages, in and out unemployment, and in an out activity. Pathways may be linked with a large set of individual or structural

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<sup>2</sup> "Comité de Coordination des Programmes Régionaux d'apprentissage et de formation professionnelle" means: Committee for the Coordination of Regional Apprenticeship and Vocational Training Programmes (CCPR). Meanwhile the CCPR has been renamed. It is now the National committee for lifelong vocational training (Comité national pour la formation professionnelle tout au long de la vie).

<sup>3</sup> "L'Observatoire national des entrées dans la vie active" means: "National Observatory of Entries into Working Life".

characteristics likely to shed light on young people's behaviour. At a macro level, surveys allow for spotting the educational dead-ends, i.e. educational or training fields which do not anymore fit the needs of the labour market, either because of the decline of the corresponding occupations or sectors, or because in a context where supply exceeds demand, employers give their preference to adults or to owners of a higher diplomas (like it is the case of secretaries with secondary level qualification).

These data supply also the potential to analyse the renewal of manpower in some specific activity sectors or occupations, by the recruitment of young beginners. Chardon and Lainé (2005) use school-leavers' survey to investigate which jobs are the most (or the least) open to young beginners. They distinguish several types of trades or occupations, according to their openness to young beginners. The most promising are high skilled occupations, in growing expansion sectors like computer sciences or health care. Another set of occupations recruit intensely youth manpower, but on low skilled jobs, in the building or hotel catering trade sectors for example; because of low wages and bad working conditions, the turn-over is very high (either by occupational mobility or by mobility between firms). In a third set of occupations, employers give the priority to internal mobility. Lastly, in some regulated occupations like teachers or doctors, young people enter directly after graduation.

Not only school leavers' surveys allow for the comparison of the early careers of youths who entered the labour market at the same time, regarding a large set of characteristics (level of education, field of study, diploma, social background, ethnicity, et cetera), but as they are repeated every three years, they allow for comparing the transition achieved by several cohorts sharing the same features: several findings drawn from these data show that the influence of business cycle impacts heavily on labour market entrants pathways (Epiphane et al., 2003).

## **2.2 Building Knowledge at the Regional Level**

To satisfy the growing demand for local data, school-leavers' longitudinal surveys are now conceived to provide regional analysis of youth's entry into working life. They allow for a better knowledge of the national, regional, and even sub-regional education and training system and labour market mechanisms. These data on transition processes are widely used in the frame of the *Five-Year Law* evaluation. They are a part of a large regional database, built up and regularly updated and enriched under the responsibility of Céreq, which coordinates a group of public data producers. In the frame of the evaluation works, Céreq produces "statistical regional portraits", aiming at depicting the diversity of regional features and their evolution. (There is no clear trend perceptible yet, neither towards convergence nor towards an increasing discrepancy between regions).

Besides its headquarters in Marseilles, Céreq is also a network of competencies, through 18 regional associated centres based in university research laboratories. The position of these small centres, which are part of research teams in sociology, economics, political or other social sciences, is very particular. They carry out specific studies in the context of Céreq's fields of investigation. They play an interface role between research and action, and help the debate between the different regional actors to benefit from Céreq's expertise in the field of training-employment relationship.

### 3 Monitoring Labour Market in France

#### 3.1 National Prospective Tools

The *Centre for Strategic Analysis* (Centre d'analyse stratégique) sets up a database on the evolution of occupations and qualifications, in order to disseminate information on studies about qualifications and occupations, at helping shared knowledge and stimulating exchanges and collaboration. The database provides retrospective and recent data, and also foreseeing data. The commission bases its diagnosis on the outlooks prepared by the *Ministry of Labour*, which establishes regular forecasts of skill needs, by the means of national forecasting models which aim "to shed light on the occupational changes in the labour market over the next ten years" (Topiol, 2003). This quantitative approach relies on an econometric estimation of occupational labour demand, using the French labour force surveys and French national accounts, and starting from likely macroeconomic growth scenarios. It "detects the major trends occurring on the labour market in terms of employment by sector, qualifications, and occupations needed in the future" (Topiol, 2003).

From the *Ministry of Education* side, models are run in order to assess the future needs in youth recruitments (Orivel, 2004). Despite they use different methodologies, results are convergent with the ones produced by the *Ministry of Labour*.

#### 3.2 Co-ordination of Regional Players

At the regional level, predictions of the change in the demand for skills and qualifications backs up with models adapted from nationwide forecasts. Nevertheless, the conduct of employment, training and education policies encompasses and overcomes the issue of forecasting occupational and training needs.

The *Regional Council* is invested with the new task to plan and manage the regional educational systems, and to coordinate the different actors or intermediaries intervening in this field:

- state representatives,
- government officials,
- national employment agency,
- organisation for adult's vocational training,
- occupational orientation and career guidance services,
- occupational branches,
- professional associations,
- social partners (employers' organisations and trade-unions),
- households, and
- expert groups.

The *Regional Council* organises the dialogue between these main actors in order to define the orientations of the regional policy: some develop general and academic streams while other sustain vocational training, some favour apprenticeship while others open more widely the schools' doors to innovation. These orientations are inscribed in the *Plan régional de développement de la formation professionnelle*<sup>4</sup> (PRDFP) elaborated by the Regional Council, in co-operation with the state.

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<sup>4</sup> "Plan régional de développement de la formation professionnelle" (PRDFP) means: "Regional Plan for Vocational Training".

The aim of the PRDFP is “the medium-term planning of the responses to training needs, which allow for a cohesive development of all training paths and take account of the regional economic realities and the needs of young people in order to ensure them the best opportunities of access to employment”. The plan defines the initial and continuing training programmes, including apprenticeship, the conditions of their implementation and the information and guidance procedures. As regards initial training, the regional policy takes account of the main orientations defined on the national level. The PRDFP is the regional tool that ties, encompasses and coordinates the diverse training actions aiming at facilitating young people’s entry into working life and supporting adults’ employment. It is a tool that favours the dialogue about the same goal (give equal opportunities of access to education, training, and employment) and the same conviction that vocational training is a lever for territorial development.

The law did not set any restricting framework for the elaboration of the regional development plans, so that the regions were completely left free to define their own procedures and invent their own working methods. The outcome of this new situation is a great diversity of regional approaches, and greater flexibility in the adaptation of national analyses to the specific features of the regions as regards the actual and forecasted skill needs.

The regions (and the different institutions) have granted themselves several structures for leading the regional policy. On the side of the State administrative services, the *General Secretary for Regional Affairs* (Secrétaire Général aux Affaires Régionales) co-ordinates the state representative’s studies and actions. It is chaired by the *Regional Prefect*, and keeps under supervision a broad network of field services’ technicians, who maintain and have a privileged access to the statistical tools (databases on education and employment).

On the side of the *Regional Council* and elected bodies, the *Regional Economic and Social Council* is a consultative structure made up of socio-professionals, whose main role is to analyse and make proposals on all regional projects, prior to the decision of the *Regional Council* (budgets, master plans, et cetera). It studies all questions concerning economic, social, cultural or territorial development.

The *Regional Committee for the Co-ordination of Employment and Vocational Training* ensures the co-ordination of actions undertaken by state representatives and the local authorities in the field of training and employment. This committee has a leading role among regional partners, and is expected to ensure a better harmonisation of vocational training and employment policy; to carry out analyses and studies, and to evaluate policies in this area. It is made up of representatives of state, regional assembly, employers and trade unions organisations, and regional chambers of agriculture, commerce, industry and trade.

All regional actors, their power be political or administrative, need steering instruments and expertise, that is to say “the integration of diverse objective elements of knowledge (statistical data, studies and analyses) in the decision made by several actors” (Bertrand, Hillau, Richard, 2003). These may be provided by technical structures such as the *Observatoires régionaux Emploi-Formation*<sup>5</sup> (OREFs) or the Céreq’s regional antennae.

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<sup>5</sup> “Observatoires régionaux Emploi-Formation” (OREF) means: “Regional Observatories of Employment and Training”.



The OREFs play a central role in orchestrating the sometimes cacophonous voices of the regional players. OREFs were created in every region, in the framework of decentralisation, as tools for helping decision makers. They aim at allowing to link together analysis and forecasts concerning initial and continuing training. OREFs must federate existing structures and facilitate networking, so that information produced by the different services complement one another. They are technical resources centres, which enable them to put in perspective qualitative and quantitative data which are in the possession of different institutions, and which underpin prospective planning. Collations of data and of analyses are expected to shed more light on the way different policies and actions link together.

Regional forecasts rely on materials brought by the occupational sectors (qualitative interviews and quantitative prospective data) and by the field services of central ministries (education, work, and employment). They also use the national analysis and forecast models carried out by the *Centre for Strategic Analysis*.

Lastly, Céreq is involved as an expert in the regional debates, through its network of associated centres. They contribute more or less in the elaboration of the *Regional Plan for Vocational Training* or prospective studies – depending on their specific position among the regional actors, and on the strength of the OREF.

#### **4 Conclusion and Perspective**

If one word should summarise the state of Regional Labour Market Monitoring, it would be diversity: diversity of players, diversity of structures and diversity of tools. One may see the dispersal of responsibilities, fields of intervention, means and levels of action, as a blurring obstacle to the elaboration of operative solutions. Others consider it as an opportunity, brought by the decentralisation, for a “cultural change” (Ourliac, 2005): obligation to cooperate, to share knowledge and tools, to build new links between institutional decision-makers and actors of economy, and to face the complexity of training-employment relationship is a good incentive to invent strategies adapted to local features in a systemic approach.

The emergence of sub-regional territories is another consequence of the devolution of authority from national towards regional and local levels. Taking account of territories in their whole complexity raised a growing need for a global approach: education, training and employment cannot be dissociated from economic development, environment preservation, social welfare improvement, et cetera.

Lastly, the responsibilities endowed by the regions bring them to build coordinated action to deal with new challenges emerging from the globalisation and from the increase of mobility (of students, workers, aging people, et cetera). Intensification of dialogue at every level is indeed the main outcome of the French decentralisation.

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## **Regional Labour Market Monitoring in the Czech Republic Focussed on Vocational Education and Training**

*Helena Úlovcová / Zorka Husová*

### **1 Introduction**

The *National Institute of Technical and Vocational Education (NÚOV)* is an organisation run directly by the *Ministry of Education, Youth and Sports* of the Czech Republic. The main task of NÚOV is to develop a concept and strategy of vocational education and training in the Czech Republic and participate in its implementation.

The institute develops, innovates, evaluates and implements curricula into the school system of upper secondary education and partially tertiary technical education. In addition, it co-ordinates the sphere of education and the labour market. It examines the needs of the labour market, monitors and assesses labour market success of school-leavers and trends in employment, and elaborates prognoses of future development. It is also engaged in career guidance and counselling, and participates in international cooperation. The *Europass Centre* is a part of NÚOV.

The NÚOV co-ordinates and co-operates several national or international projects dealing with topics focussed on the transition of school-leavers to labour market and their success in the labour market and a system of career guidance (see the web site "<http://www.nuov.cz>"). Labour market analysis uses research data (inquiries of employers, advertisement analysis et cetera) and statistical data (from Czech statistical office). The curricular department of NÚOV uses these analyses when developing concept and strategy of vocational education and training as well as its curricula.

The project *Regional Information System on school graduates eligibility (RISA)* focussed on labour market monitoring of one region in the Czech Republic. It was a project carried out within the programme "Phare" and has been finished in 2005.

### **2 RISA as Example of Regional Labour Market Monitoring in the Czech Republic**

The issue of labour market success of school leavers involves a great range of topics which can be addressed from various viewpoints, both from the viewpoint of basic school pupils who choose their career and professional path and from the viewpoint of decision sphere representatives who design the concept of educational system development in regions. Generally speaking it concerns the relations between requirements of the labour market and capability of the education system to form a framework for labour market success of school leavers. The proper function of these relations is determined (to a certain extent) by relevant information from both sides. It enables all subjects (e.g. employers, school leavers, labour offices, et cetera) on the regional labour market to make decisions.

If we are talking about decision making of education system stakeholders we have in mind a *conceptual decision making at the level of a region* (school network concept - the specialisation of schools, target capacities, et cetera from the viewpoint of the regional labour market needs), *decision-making at the level of schools* of which educational programmes should be offered in such a way as to be not only attractive enough for the applicants but to provide sufficient qualifications for labour market success of graduates as

well. Last, but not least we have also in mind the *decision making of applicants* when choosing their educational path which should be matched to their abilities and at the same time should enable them to be successful on the labour market. Providing relevant information is a significant part of preventive measures aiming at decreasing the unemployment risk of future school leavers.

It is necessary to provide adequate and topical information for all stakeholders.<sup>1</sup> This information should be integrated into a complex whole and this was the reason for the development of RISA.

## **2.1 The Main Goal of the Project**

The main goal of this project was the development of an integrated information system allowing to collect, process, and analyse information about the development of supply and demand on the labour market changing qualification requirements in individual branches, employers' needs, and development of the education system. The information should be in relation to economic and demographic development.

The system makes it possible to look back at the development of the situation and at the same time it creates starting points for short-term projections which are necessary in the light of further development of the education system.<sup>2</sup>

## **2.2 Target User Groups and their Information Needs**

Tailored outputs from the information system are focussed on various target user groups. They are addressed by managers (of regional authorities and of labour offices), schools, employers, and personnel managers, consulting systems, and the general public (especially applicants for study at secondary schools or higher education institutions, and graduates as well).

When creating the information contents there is a maximum effort to respect and fulfil the information needs of the target groups. Which information can be provided by RISA to each of the target user groups?

- *Regional offices* co-create regional school policy (especially when making a concept of regional school networks). They need information on the development of vocational education and training concept and content as well as general information on development trends on the labour market (prospects of individual sectors in the region, the needs of employers, vacancies, labour market success of school leavers).
- *Labour offices including information and counselling centres* co-create the regional policy of employability. They need information on the number of school leavers in individual branches (groups of branches), development of vocational education and training concept and content as well as development trends on the labour market (prospects of individual sectors, the needs of employers, labour market success of school leavers).

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<sup>1</sup> Stakeholders are regional authorities and the *Ministry of Education, Youth and Sports* of the Czech Republic that have a control function.

<sup>2</sup> The *Ministry of Education, Youth and Sports* of the Czech Republic will be using RISA outcomes for making Long-term intentions of education and development of educational system of the Czech Republic. These intentions will be made every two years and they will be used as a base for regional's long-term intentions.

- *Schools* need information either for counselling and guidance services for career path choice (for educational counsellors) or for the development of educational opportunities in schools and the design and implementation of curricula. For these purposes they need information on the vocational education and training concept and content as well as information on the present and future needs of the labour market (prospects of sectors, the needs of employers, vacancies).
- *Employers* need information on the supposed number of school leavers in various branches as well as information on vocational education and training concept and content development, information on a characteristic of educational content of individual branches and information on views of school leavers on their success on the labour market for the formulation and implementation of personnel policy.
- *Study applicants* will be using the RISA outcomes for making decisions as to educational paths i.e. for responsible career choice. They should have the information, which would enable them to be well versed in the situation on the labour market and in the supposed development trends. They should be able to assess the risk or advantages of chosen study fields from the viewpoint of their future labour market success.
- *School leavers* are not the main group of users from viewpoint of the project because they do not influence directly the education system. If they decide for further study they will belong to the previous group. The outcomes can serve them for better information about the situation on the labour market.
- *Counselling systems* – as the aforementioned groups belonging to their clients (apart from others). They play the role of contact links for the aforementioned information.

### **2.3 The Main Components of RISA**

(1) The *RISA database* will provide a regular collection, control and processing of data, their import from other information systems (especially from ISA - *The information system on placement of school graduates on the labour market, where data will be available in a uniform structure on the nation-wide level*), their archiving and preparation for further use.

(2) Surveys focussed on *the needs of the regional labour market*:

- Inquiries of employers – structure of required skills and competences; the extent to which school leavers meet the competencies required by the labour market;
- Analyses of vacancies offered by labour offices;
- Analysis of advertisements from the respective region and the neighbouring regions – regular monitoring job offers in the main regional daily newspapers and on the main Internet servers with particular emphasis on the structure of offered professions and required competencies;
- Demand for specific professions by recruitment agencies – opinions of recruitment agency personnel as far as the structure of the professions in demand, the required qualifications and competencies are concerned.

Those surveys are aimed at identification of qualification and competencies required by employers.

(3) Surveys focussed on *the placement of school leavers on the labour market*:

- Opinions of the labour office staff regarding the chances of school leavers on the labour market – define the main problems in employment of the school leavers and analyse the causes of those problems in the opinion of the staff of labour offices, chances of school leavers on the job market.
- Opinions of the graduates as to how they were prepared by schools, their identification with the chosen branch, and their professional stability.

- Opinions of students of certain selected branches in the last grade of secondary schools (secondary vocational schools and secondary apprentice training centres) as to whether they were properly trained by their school whether they have acquired a suitable knowledge, skills and competencies as well as their view concerning their future expectations. In the following two stages (after one and three years) those expectations will be evaluated and compared against the real-life situation. They will always concentrate on approximately four groups of branches but gradually they will seek to cover the whole spectrum of the education offer. In the future this survey might involve also graduates of higher professional schools (“VOŠ”) and grammar schools (“Gymnasium”).

(4) The *analytical activities* consist in analysing the development of structures of professions and types of education in the regions and the correspondence between those structures and structures of school leavers. Also concordance between qualifications and employment and financial reward of the respective qualification on the labour market is monitored. The acquired data are compared against the relevant data for the whole Czech Republic and other European countries.

The attempt is to predict further development in placement of school leavers and economic active inhabitants, especially with view to their changing education and qualification structure in harmony with long-term changes in the developed countries, continuation of the past activities and their follow-ups.

(5) *Information about the education offer* of the schools in the region is continuously updated. What kind of information users can find there is:

- standard information about offers of schools;
- description of branches (their content, job opportunities, matching or mismatching acquired education and jobs and its practical use in jobs);
- offers of institutions outside the education system;
- and finally the data on demands for education.

## **2.4 The Main Characteristics of RISA**

*Open and flexible:* RISA is open to user comments. The outputs must respond to their needs as much as possible. RISA should be open to new methodological procedures and analytical methods (e.g. forecasting of future development). The outputs of RISA should have the highest possible information value.

*Standard and compatible:* RISA uses the standard methodological tools (classification, code books, and terminology). Therefore, it can adopt (or share) the sources of data from other information systems. The outputs of RISA and other information systems can be used together or they can be interconnected.

*Targeted information outputs:* The content and format of RISA outputs respond to specific needs of individual users.

*Availability:* The information is available for all users on the internet.

Quality and relevance of the research – we focus on the determination of RISA users’ information needs as well as the improvement of research methodology and techniques.

### 3 Towards a National System of Early Identification of Skill Needs

The *National System of Early Identification of Skill Needs* (ISA) is being prepared at the transnational level in the Czech Republic. ISA is a *National integrated information system for collecting, analysing and mediating information about transition of school leavers into work*.

The national information system about employing school graduates and the one built on the regional level share the same concept basis and the same features. RISA emphasizes regional data, it gives a more detailed look at the issues of placement of school graduates on the regional labour market. The regional information system is available on the internet.

RISA is an instrument used by a number of entities in the area of career counselling (education-career counsellors at schools, pedagogical-psychological consultants, and information centres of labour offices). The chosen way of providing targeted and brief information gives an easy access to data also to individual users.

ISA relies on the nation-wide data. This information system is not accessible on the internet at the moment. The outputs are available in printed format and they are intended especially for managers and analysts. Present activities within ISA are funded by the ministry of education. It uses its results for making decision on further vocational and educational training development in the Czech Republic.

The ISA concept will be further developed through the system project *Education – Information – Counselling – VIP Career*, which is to be launched under the ESF financial support. At the same time, we suppose that the RISA projects will be also implemented in other regions of the Czech Republic under the ESF financial support.

#### Explanation Note

The Ministry of Education, Youth and Sports is responsible for decision making at the national level, applying results into policy. The regional offices are responsible for decision making and applying results into policy and practice; partners in region for undertaking research. The NÚOV provides methodological assistance to regional partners.

## 4 Further Development of Regional Labour Market Monitoring

### *Introduction to this chapter*

The foregoing chapters of this book should have made it clear that Regional Labour Market Monitoring is a current issue with great vitality for development in the European context. This vitality expresses itself through the fact that more and more regions adopt ideas and instruments from a large pool of diverse methods in order to come to grips with their specific problems in labour market politics.

There is also a great deal of development occurring at the level of instruments, strategies, and ideas. This means that Regional Labour Market Monitoring is also capable of being extended qualitatively, so to speak.

Further conceptual developments in the field of Regional Labour Market Monitoring are expected in various directions. The following chapter gives a preview of the most important areas:

- First, there will be an overview of relevant theoretical approaches.
- That will be supplemented by insights into methodological conceptions.
- The discussion will be rounded off with assessments on the topic of standardisation.

The contributions are not only supported by substantial scholarly work, but also – and this constitutes their special quality – take seriously the broad basis of practical experiences from individual monitoring projects in Germany, Scotland, and the Netherlands.

All the three aspects described here provide challenges for the interested reader, for they can be further amplified and critically discussed. It is in any case expected that expansions and further developments will crop up in the next few years.



## **Some Theoretical Notes on Regional Labour Market Monitoring – Information, Knowledge, and Communication as Common Elements**

*Alfons Schmid*

### **1 Introduction**

Within the context of internationalisation and globalisation regions have gained importance. The term '*glocalisation*' expresses the combination of globalisation and regionalisation (c.f. Storper 1997); in other words: regions matter. Various reasons for the increased importance of regions are cited in the literature on the new regional and geographic economics (c.f. Capello, Nijkamp <Ed.> 2004). One major reason is the importance of regions to the competitiveness of businesses and the labour force (c.f. Martin 2004). Regional factors that support this competitiveness have been identified both theoretically and empirically: regional knowledge, knowledge spillover effects, and regional networks are prime aspects thereof. Important factors for the competitiveness of regional actors include an efficient regional labour market and effective regional labour market policies. Efficiency and effectiveness require information and knowledge. Adequate information will reduce mismatches within regional labour markets and improve the effectiveness of regional labour market policies. Adequate knowledge helps in making more effective decisions. Monitoring is an instrument for generating information and providing and communicating it to regional actors, such as businesses, the labour force, and labour market policy institutions.

Given that monitoring is an important instrument for providing the information needed, there is no common definition for the term 'monitoring'. 'Monitoring', like 'networking', is a frequently used term: everything is said to be monitored and everyone is said to monitor. One simple reason for this inflated usage may be the positive connotation attached to this term. Another reason for the excessive use of the term 'monitoring' can be found in new information and communication technologies. These technologies reduce the costs of information and communication (s. for example Becher et al. 2005). They support the generation, utilisation, and dissemination of information at low costs.

New technologies imply high flexibility; they can be used in different situations and contexts. Consequently, monitoring – the providing and using and/or communicating information – can have various definitions depending on the context. In Germany and in other European countries, there exists a variety of concepts for Regional Labour Market Monitoring and for regional labour market policies (s. Larsen et al. 2005). There is no commonly accepted single definition of monitoring.

One main reason for the varieties of concepts and definitions – and this is the thesis of this article – lies in the limited theoretical foundation for monitoring. In the past, monitoring was primarily developed in practice; theorising rarely took place. To achieve a more unified definition of monitoring, it seems useful to anchor monitoring in a theoretical basis. This article is an attempt to do just that. Firstly, some relevant elements of information economics will be canvassed. Then, these theoretical considerations will be applied to Regional Labour Market Monitoring, in order to elaborate common features of this concept. Finally, I will conclude this article with a summary.

## 2 Theoretical Considerations

### 2.1 *Foundations of Monitoring by Information Economics*

Why do we need monitoring to increase the efficiency of regional labour markets and to improve the effectiveness of regional labour market policy? In an economy described by traditional economic theories, where perfect competition exists, (labour) market monitoring is not necessary (c.f. already Hayek 1945, 519ff.; c.f. also Sturm, Held 2004, 7ff.). In such an economy, prices and wages contain all the information market participants need. In particular, changes in relative prices and wages supply adequate information to the actors. In other words, perfect information exists. In a world of perfect information actors transform their information into adequate decisions and actions (c.f. for example Haase 2004, 71). When information is perfect, monitoring as an instrument for providing and/or communicating adequate information is not needed.

From institutional and information economics, we know that we act in a world of bounded rationality with imperfect information (c.f. Williamson 1985; Stiglitz 2004). Labour markets, like other markets, are imperfect and there are market failures. These imperfections and market failures – e.g. imperfect information, imperfect mobility, imperfect property rights, externalities et cetera. – reduce the efficiency of regional labour markets and the effectiveness of regional labour market policies. One consequence of these imperfections pertains to the allocation of the labour force, so that the labour market functions suboptimally.

In this article I will concentrate on imperfections and market failures pertaining to information, because they are also significant for labour markets: “Information imperfections are pervasive in the economy (...)” (Stiglitz 2004, 488).

Imperfect information is characteristic for markets, and participants in (labour) markets act under this imperfection. Imperfect information exists not only in present situations, but also in future developments. The reduction of imperfect information is bound with costs: costs of searching, gathering, and selecting information on current and future developments, in short: information and communication costs. These costs can be handled within the traditional economics. Labour markets also function with these imperfections, for the costs of information are part of the decision and optimisation process. An individual will invest in information when the expected returns are higher than the expected costs.

According to efficiency wage theories and search theory, under the premise of imperfect information, the efficiency of (labour) markets is not optimal compared to perfect markets. This is because unemployment exists and information asymmetries imply adverse selection and hold-up problems. The efficiency of labour markets remains limited. Reducing the imperfection of labour markets will improve their functionality, reduce imbalances, and alleviate mismatch problems; increased efficiency will improve the competitiveness of businesses and labour.

Monitoring is an instrument to reduce imperfect information and consequently it increases efficiency of markets. This is especially the case when it is organised as an intermediary. There are several reasons for that. One reason is the discrepancy between private and social costs and benefits.<sup>1</sup> When each single firm generates information about labour markets for itself, costs of generating and gathering information are higher than when

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C.f. the discussion in “The American Economic Review”, which shows the need for the public provisioning of information (Svensson 2006, 448ff.).

information is generated by an intermediary. If, for example, each individual firm gathers information about labour supply, the combined costs of all firms are higher than when the same information is gathered and made available through a public intermediary.

The specific character of information implies increasing economies of scale and scope (c.f. Bailey, Bakos 1997, 7ff.). Increasing economies, in the case of information, means that the costs per unit decreases as the total sum of information generated and made available increases, so that the costs of information for at least some kinds of common information will be higher for a single actor than when this information is made available by an intermediary monitoring system. This is applicable to the labour force. Labour agencies, for example, are intermediaries that lower information costs and reduce imperfect information for the unemployed. Therefore, to reduce imperfection efficiently, it is necessary that an intermediary monitoring system should be used to provide the information needed.

Other imperfections of (labour) markets result from market failures. Such failures exist when there are asymmetries of information between market participants or when there are information externalities (c.f. Stiglitz 2004, 492ff.). Asymmetric information prevails between employer and employee. An employee, for example, knows more about his capabilities and motivation than his or her employer does. Stiglitz also includes information externalities in these asymmetries (ibid. 489). Information externalities exist when acquisition of information in one area simultaneously leads to acquisition of information in other areas without extra costs. Information externalities also exist when actors are able to benefit from information produced by another actor, so that they are able to use it without having to incur the costs of generating information themselves. Information generation in situations such as this is less than optimal. No actor would produce and provide information that can be used by other actors. In fact, the process of making available information in such situations makes it appear like a public good. Property rights are not specified for public goods and the exclusion principle does not work. Consequently, when information externalities exist private generation and provision of information will be limited.

Asymmetric information and information externalities imply inefficiencies of allocation in labour markets or that allocation does not take place: "(...) information asymmetries lead to thin or non-existent markets" (ibid. 489; c.f. also Akerlof 1970, 488ff.). As a result, potential labour market relations will be prevented and underemployment may occur. The problems of imperfect labour markets include adverse selection and moral hazard (c.f. Stiglitz 2003/2004, 492ff.). Adverse selection occurs when an employer does not exactly know the qualifications of his or her employees. One effect of such unknown qualifications would be that under certain circumstances the employer does not recruit the best-suited person (c.f. for example Erlei et al. 1999, 144ff.), but a "lemon", a person inadequately suited (c.f. Akerlof 1970). Moral hazard problems arise when information between employer and employee is unevenly distributed. In this situation, actions of one labour market participant cannot be observed by the other participants. The employer does not know the performance of an employee on his or her job; the employee knows it exactly. In this case information asymmetry leads to uncertainty about behaviour (c.f. Neus 2001, 94f.).

In summary we can state that decisions of labour market actors usually are based on imperfect information. A problem of this imperfection is a certain limitation of allocation in markets, so that inefficient labour markets will at least partially exist.

## 2.2 Information, Knowledge, and Communication

In a world of perfect rationality, information is translated into “correct” decisions and “correct” actions without any costs (c.f. Haase 2004, 71). There is no need to take into account how information is transformed into knowledge and how knowledge influences decisions and how decisions become actions. When perfect rationality prevails, it is assumed that information, knowledge, decisions, and actions are connected such that information leads to the “right” action. Intermediaries and other ways of gathering information and making it available are not necessary, for prices and wages provide without incurring any costs all the information that persons need to decide and act rationally.

When imperfect information and asymmetries prevail, adequate information usually will not be available. The “right” decisions will not be made because of these imperfections. Information generation and dissemination is necessary for adequate decision-making. But even if adequate information existed, it would not be certain that this information would lead to the “right” knowledge and to rational decision. The reason lies in human beings’ limited ability to absorb all the information provided in an optimal fashion. A learning process is needed to transform information to knowledge, for the two elements of information and knowledge have to be separated when there is only bounded rationality. Thus, even if actors have the “right” knowledge, it does not necessarily lead to the “right” decisions and actions (c.f. *ibid.*, 72).

In this approach, information is related to knowledge (c.f. Bössmann 1978, 185). Information is an important prerequisite for, but not identical to, knowledge. Information becomes important within the context of an actor’s intentions, methods and conditions (c.f. Haase 2004, 78): information is transformed into new knowledge on the basis of an individual’s existing knowledge. This transformation occurs through communication as part of a learning process.

Separation of information and knowledge usually implies that provider and user of information are not identical. Therefore, the transformation of information into knowledge requires activities with additional costs. Information costs arise because a provider generates information and transfers it to the user through media such as reports, homepages, data evaluation, diagrams et cetera. Transferred information are not always understood by users because, for example, it is necessary to know the context in which information is generated, the way it is encoded or how it needs to be interpreted. Therefore users need support from the provider to understand the information supplied.

In addition, users are usually not able to filter the information needed from the information provided. Communication with the provider enables the user to gain the information relevant for his decisions. Thus, communication between provider and user is a precondition for transferring information into knowledge, or more precisely, a precondition for obtaining the information adequate for needed knowledge. Not only “better” information, but communication as well, is needed to improve the functioning of labour markets and the effectiveness of labour market policies. Hence, information and communication are the main elements of monitoring. They support decisions and actions based on adequate information and knowledge.

Communication leads to interdependences between provider and user. Motives, attitudes, aims and behaviour of both autonomous parties are at least partially connected. These interdependences produce activities on both sides to use communication in order to achieve personal goals. To this extent communication can serve as an instrument to influence behaviours and actions of provider and user (c.f. Mead 1995). Communication also induces and includes a shared structure of the participants. This structure includes a shared knowledge base, necessary to connect actions. Regional networks are examples of such a shared knowledge base and the communication process based on it.

The interconnections within the shared structures of such a network mean that communication is not limited to transforming information to knowledge. The interpretation against the background of the actor's knowledge of includes diagnosis of imperfections and failures. On the basis of this diagnosis new knowledge emerges. This new knowledge would then lead to adequate decisions and actions.

It follows from the arguments in this section that in order to improve the efficiency of labour markets and the effectiveness of labour market policies, it is crucial to communicate information (including prognosis) to actors in order to produce new knowledge (including diagnosis). An intermediary monitoring system has to encompass these elements: information and forecasting, communication and diagnosis; in order to reduce imperfect information and increase knowledge through communication.

### **3 Regional Labour Market Monitoring as an Instrument for Information and Communication**

The previous considerations will now be applied to regional monitoring of labour markets and labour market policy. First, I have to make some remarks on the role of regions in monitoring. I will then discuss information and communication as features of Regional Labour Market Monitoring.

#### **3.1 *Regions Matter***

To begin with, it has to be explained why we treat regions as a key component of labour market monitoring. There are several reasons why regions are important in monitoring. In the introduction, we mentioned some reasons for the increasing importance of regions. At first sight, this gain in importance seems surprising. In fact, deregulation of international rules and reduced transaction costs through the use of new information technologies are expected to lead to more timeless and spaceless economic activities. These trends would seem to suggest that regions do not matter.

We know from the new regional economics that certain factors only work at a regional level (c.f. Porter 2003). In particular, regional knowledge, which is produced and disseminated inter alia in innovation clusters and industrial districts through informal face to face contacts, plays an important role for the increasing importance of regions as key factors for the competitiveness of firms and labour force (c.f. Döring 2004, 95ff.) New information technologies, despite their disconnection from time and space, enforce regional knowledge overflow and dissemination in regional cooperations and networks (c.f. Schmid et al. 2001).

Regions matter for efficient labour markets and effective labour market policies as well, despite the fact that labour markets are currently experiencing internationalisation. New empirical studies show that regional and local factors influence regional employment to a considerable extent (c.f. for example Blien et. al 2004, 146ff.). In particular, the diversity of regional employment and unemployment is to be explained by regional factors. We only partly know which of these regional (and local) factors are crucial for different regional developments (ibid.).

Regions shape the functioning of labour markets and the effectiveness of regional labour market policy in different ways. In recent years, local and regional authorities have become more important for regional employment and labour markets. The growing importance of regional factors corresponds to the diminishing importance of national employment policy (c.f. Martin 2004). International labour markets have emerged especially for high qualification occupations. For most of the labour force and firms, regions are still important (c.f. Schmid et al. 2001). Consequently, regional labour markets matter. These considerations reflect insights of the new regional economics, which stresses the specificity of regions.

So far we have tried to show how important regions are for labour markets. But we have not defined regions. In the literature, there is no commonly accepted definition. How regions are demarcated depends on the characteristics of regions (c.f. Blotevogel 1996). At least two ways of demarcating regions exist, one according to an administrative definition and one according to a functional definition. Administratively defined regions reflect regional labour market policies. A functional definition drawn by commuting patterns corresponds more closely to regional labour markets. A spatial coincidence of both rarely exists. In short, there is no clear standard definition for regional labour markets. Such a definition depends on the interests and goals pursued by regional actors.

For regional monitoring in Europe, this implies that regions are to be defined according to the goals of a single region. When, for example, the main goal of a specific region is to achieve more effective labour market policies, an administrative definition of regions may be useful. When the efficiency of a low skilled local labour market should be increased, a functional definition of regions may be relevant. These different definitions do not conflict with the main elements of monitoring: information, knowledge, and communication.

### ***3.2 Regional Labour Market Monitoring as an Information and Communication Instrument***

Summarizing the foregoing considerations we can maintain that imperfect information and knowledge exist in labour markets, which restrict an efficient functioning of such markets as well as effective Regional Labour Market Monitoring. In addition, information asymmetries and information externalities including market failures are prevalent in labour markets. Finally, a spatial dimension is relevant for information, knowledge and communication. As a result, there is need for an instrument to improve information and knowledge through communication that reduces the imperfections and market failures of regional labour markets and increases the effectiveness of regional labour market policies.

In the previous theoretical considerations, we have elaborated that a monitoring system should include information and knowledge linked by communication into a regional context. When monitoring is implemented in this theoretically-based form, we believe that imperfections and failures on regional labour markets will be substantially reduced. Monitoring would then provide information and transform it into knowledge through communication in regional labour market networks.

It follows from our arguments concerning information, knowledge, and communication that Regional Labour Market Monitoring works effectively as an intermediary institution. One reason for establishing Regional Labour Market Monitoring as an intermediary lies in economies of scale, reducing the costs of generating and disseminating information. There is a lot of information used by several regional actors, so economies of scale are realised through an intermediary monitoring system.

A more important reason for establishing labour market monitoring as an intermediary comes from the information and communication externalities cited earlier. Because of these externalities, there is not sufficient provision and dissemination of information and knowledge for regional actors. Single firms and other individual labour market participants do not close the gap between private and social needs. As a result, there is a lack of information for regional labour market actors.

Our arguments from regional economics show that regional competitiveness requires efficient labour markets and effective regional labour market policies. Adequate information and knowledge are key preconditions for efficiency and effectiveness. This information and knowledge contains externalities and they constitute a public good. Therefore, an intermediary monitoring system is necessary to produce and disseminate information and knowledge externalities. Regional monitoring cannot achieve this target through a private actor.

Positive externalities also arise in the communication process. An intermediary monitor reduces the gap between individual and regional interests. It gathers information about individuals, makes it available to all users, produces new information and communicates this gathered information to the participants of regional labour markets. An individual actor gains more information at lower costs than if he acted individually (c.f. Gosh 1998). Moreover, the sum total of regional labour market information is more than the sum total of information about all individuals.

Because of these advantages, an intermediary monitoring system supports a more efficient labour market and a more effective regional labour market policy than one organised privately. Imperfections of regional labour markets will be reduced and consequently functionality will be improved. Examples for improved functionality include information about the supply of and demand for apprentices, about existing mismatches concerning the quantity and quality for specific qualifications and professions et cetera.

The competitiveness of businesses and labour force will increase as a result of reduced imperfections and market failures. Regional labour market authorities can improve the effects of programs through more adequate and more concise information. An intermediary monitoring system generates and communicates the information and knowledge needed through the communication network to which it is connected.

Besides the reduced information and communication costs, monitoring can be adjusted flexibly when there is a change in the need of information. This flexibility is made possible by the communication channels incorporated into the monitoring.

We mentioned earlier that information is usually asymmetrically distributed. This asymmetry can lead to selection and moral hazard problems. These will not be directly reduced by a monitoring system. Indirectly however, these problems will be lessened. When actors attain adequate information about regional labour markets, opportunistic behaviour, for example, exploitation of the principal by an agent or vice versa, will no longer be worthwhile. Adequate information will also increase the chances of getting caught when shirking responsibilities (c.f. Becher et al. 2005).

Another aspect about monitoring that follows from our theoretical considerations concerns the specificity of regions. The new regional economics and growth theory show that diversification of regions occurs despite traditional neoclassical arguments of cohesion. This diversity has some consequences for a Regional Labour Market Monitoring because relevant information, knowledge, and ways of communication differ from region to region. Regional differences only mean that the kinds of information and knowledge and ways of communicating vary. They do not mean that common features of labour markets are not possible or necessary.

#### **4 Concluding Remarks**

On the basis of information economics, new regional economic approaches and communication theory we have tried to deduce some common features of Regional Labour Market Monitoring. In the end, the following features were identified:

- information including prognosis,
- knowledge including diagnosis,
- communication as link between information and knowledge,
- regional networks for communication,
- an intermediary, and
- a regional basis.

These common elements can serve as a basis for a European concept of labour market monitoring for the regions in the EU. It can also serve as a basis for other areas of monitoring. On the basis of these common features, the required differences for different regions are possible and necessary. These conceptual considerations may ground a common conception of Regional Labour Market Monitoring, which can then be adapted to regional differences.

In my view, monitoring should and can be broadened in the medium term. Monitoring also should include decision and action besides information and knowledge. The rationality of decisions and actions will only increase when the whole range of activities is included. This broadening requires a European network supporting labour market monitoring and establishing it in the regions of EU.

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## Standardisation in Regional Labour Market Monitoring based on Experiences

*Ronald W. McQuaid*

### 1 Introduction

A strategic approach to policy delivery by public agencies and local service providers is important to develop and implement policies concerned with labour market issues, including access to employment by different groups and economic development. Hence, consistent, accurate and up-to-date labour market information and intelligence are required by public, private and third-sector bodies, and the partnerships between them. Standardisation of labour market monitoring can improve policy and may involve standardised definitions and processes such as how the information is collected, analysed, and distributed.

However, each organisation or partnership may have different aims, target groups, purposes for gathering or using the information and information requirements. This leads to a fundamental dilemma of how to monitor labour market information in a way that meets the diversity of needs of disparate users such as: individual regional or local organisations and projects; a variety of funders (from European to local level); and larger scale national or supra-national bodies. Each group often has its own requirements in terms of the time, space, content and purpose of the information required and different levels of resources and expertise.

Can the information requirements for effective labour market monitoring be standardised to meet the needs, abilities, and resources of such disparate gatherers and users of the information? In addition, how can information be developed into labour market intelligence whereby it provides the appropriate information that can be effectively utilised and analysed by its users?

This chapter does not seek to review the moves towards consistent definitions and measurements of labour market statistics, such as the OECD's Main Economic Indicators database that has evolved since they were first published in 1965, or the work of EUROSTAT and National Statistics Agencies. These seek statistics that are: relevant; consistent over time; comparable between countries; timely, i.e. are available to users with minimal delay after the end of the reference period; readily accessible; and methodologically transparent (see for instance OECD, 1998; 2006). Similarly, the chapter does not consider methods of monitoring, as these are too large topics to be analysed within the space available. Rather, this chapter seeks to briefly outline some of the issues regarding standardisation of labour market monitoring for regional, and local bodies as they relate to a specific example – Scotland.

The next section sets out some of the recent changes in the context of monitoring requirements. Section 3 presents a case study of regional and local requirements in Scotland, and Section 4 discusses some issues for labour market monitoring at the regional and local levels, and Section 5 presents brief conclusions.

## 2 Changing Labour Market Monitoring Requirements

In the case of Scotland in the United Kingdom, a number of circumstances have led to changing labour market information needs and provision. These are not unique as similar circumstances are present across much of the European Union. First, there is a huge range of public organisations monitoring, gathering, and analysing regional labour market information. In the United Kingdom the increased delegation of responsibilities and resources to regional governmental, non-governmental organisations (“Quangos”) and other agencies has led to a large number of agencies gathering and monitoring such information, and arguably to a reduction in the standardisation of labour market monitoring. Many regional or local public bodies are concerned with economic development and training, such as *Regional Development Agencies* or *Learning and Skills Councils* in England or *Scottish Enterprise* and *Highlands and Islands Enterprise* which integrate both functions in Scotland. In Scotland *Scottish Enterprise* has 13 local enterprise companies which each commission reports on their local labour markets and carry out numerous consultancy studies on specific industries of areas. In addition most local authorities, private organisations and many other bodies monitor labour market information. Each agency requires very locally specific labour market information to develop and implement policies. Each of these bodies may commission studies on specific topics (labour market groups, spatial areas, industrial clusters, et cetera), general labour market analysis et cetera, which are often inconsistent with each other across a region (or even in the same organisation in some cases). Hence each study does not necessarily add towards a comprehensive consistent knowledge of the regional economy as a whole.

Linked to the large number of independent agencies, is the growth in the number of new partnerships between agencies, partly in response to the range of problems faced by clients but also due to the need for better co-ordination and improved efficiency in joint working between different parts of the public sector (and other bodies). In Scotland *community planning partnerships* (combining the main national and local public agencies across a range of services) and *local economic forums* (involving key local public and private bodies) have been set up in each local area partly to improve co-ordination and joint working, based upon a common understanding of the local labour market. The *community planning partnerships* have the same boundaries as local authorities, while *local economic forums* have the same boundaries as, and are led by, local enterprise companies (so they usually cover several local authority areas). So in terms of geography, these organisations do not cover standardised areas, so the geographical basis of the local labour market information is based on sub-local authority areas, so they can be aggregated to different levels.

Concerns at the national level regarding the need for improved labour market information and to have a more efficient and effective labour monitoring system have led to the establishment of *Futureskills Scotland*, formed in 2002 as part of the *Scottish Enterprise / Highlands and Islands Enterprise Network*. Its purpose is to:

- analyse the Scottish labour market to inform policy making in Scotland and further a field;
- improve the availability, quality, and consistency of labour market information and intelligence across Scotland (and hence standardisation in terms of definitions et cetera);
- and to work closely with *Careers Scotland* to provide the organisation and its clients with labour market information.

According to an evaluation of the organisation, which involved interviews with fellow *Scottish Enterprise* staff and others, *Futureskills Scotland* is seen as providing: high quality products, due to expertise within the organisation; more specific, policy-relevant data than were previously available; and a central focus for local labour market information and related inquiries (FSS, 2004a). The main negatives comments seemed to have been: the continuing use of jargon; insufficient analysis (i.e. discussion and interpretation of what the data mean and the reliability et cetera of the data; and continuing problems accessing data / analyses at an appropriate (i.e. local, sub-regional) level.

Second, there has been an increase in the sophistication of the requirements by funders of economic development and labour market projects and policies. For instance organisations or projects funded by the European Commission, national government and other bodies all require labour market monitoring as part of their a priori project or policy appraisal and their on-going and / or ex-post evaluation. Often projects have multiple funders each with different labour market monitoring requirements in terms of space, time, and content. The different forms of evaluation by different bodies can lead to a lack of comparability of data (in terms of content, timing et cetera) on labour market information that is generated. Some UK government departments (such as the *Department for Work and Pensions*) often expect random sampling of control or comparator 'populations' to compare the results of participants in a particular policy, although this usually requires high levels of resources. High quality standardised regional labour market data could conceivably be used as controls for smaller projects where costs of more rigorous control groups is prohibitive.

Third, at a greater spatial level, the devolution of responsibility to sub-UK political entities (i.e. the devolved spatial territories of Scotland, Wales and Northern Ireland in the UK) has resulted in a desire for greater territorial based information, but also sub-territorial local information. However, UK wide surveys may not adequate coverage for local areas that the devolved administrations are interested in, so leading to the over sampling in smaller (usually rural) areas. Of course such over sampling needs to be controlled for when aggregating to national or regional levels. For instance, the *Scottish Employer Skills Survey* commissioned by *Futureskills Scotland* and published in 2003 and 2005 (see, FSS, 2004b) has provided a useful insight into employers' needs and problems although it needed to deliberately over sampled in smaller, rural areas in order to provide information useful to bodies in these areas. Projections from 2004 to 2014 have also been produced, arguing that in all industries – including those in which employment is expected to contract – there are expected to be a large number of job openings due to the scale of replacement demand – i.e. the need to replace workers who leave the labour market. Almost 60 per cent of job openings are expected to occur in just four industries – *Other business services, Retail and distribution, Health and social work, and Education* (FSS, 2006).

At the same time specific labour market issues or political priorities may vary in each devolved territory (and in England) so leading to a desire for different information. A major problem with this is that even small differences in questions and definitions can lead to a lack of direct comparability across the UK and hence the reduction in bench marks and time series between the different territories. For example, in England the *Sector Skills Development Agency* (SSDA, 2005) investigated the views of employers on the responsiveness of local training supply, but exactly comparable data are not available for Scotland, Wales and Northern Ireland. In Scotland, the *Sector Skills Alliance Scotland*, (whose role is to provide communication and practice sharing links between SSDA, sector skills councils in Scotland, and other partners), have made considerable progress in identifying and articulating employers' skill needs. However, there remain gaps, which are

covered in 'one off' reports that would be useful if made consistent over time or with equivalent reports across the rest of the United Kingdom or European Union. At a European Union level, this problem is greater.

Fourth, labour market policies have changed in response to changing labour market conditions. As unemployment has fallen those receiving active labour market support have increasingly multiple and deeper barriers to improving their employability, such as numeracy and literacy problems, addictions et cetera (McQuaid and Lindsay, 2005). To deal with multiple employability problems, policy responses have increasingly has been to join in partnerships to provide a range of necessary services. In contrast, when unemployment is relatively high many of the unemployed may only receive minimal support in, for instance, job search. The ageing of the population and work force has also led to an increase imperative to increase participation rates for different age groups. One UK policy response has been to assist those on incapacity benefits back into employment through initiatives such as 'Pathways to Work'. Again these client groups have multiple barriers to employability and require a range of support from public employment service ('Job Centre Plus'), the health service (for instance to provide cognitive behavioural therapy to help people manage their illness or disability) and other agencies. This results in a greater requirement for detailed labour market information on 'softer' skills.

A *National (Scottish) Workforce Plus Partnership* is being set up to help people out of poverty through improving their employability and getting work. They involve a range of UK, Scottish and local public bodies. Their associated local partnerships must show a strong understanding of the labour market in their area and will engage with employers and must be able to show that employers have actually influenced programmes that are developed (Scottish Executive, 2006, p. 34). Questions that local partnerships will need to answer include labour market information on employability related issues, so standardised, consistent regional labour market information is crucial.

In summary, the wide range of actors requiring labour market monitoring, the growing sophistication of users of the information, including funders, devolution of government in the case of the UK and some other EU states, and the changing nature of labour markets and labour market policies all lead to a tendency to have multiple, part overlapping, incomplete labour market information and expertise in using it effectively and efficiently. A more standardised basic information monitoring system has great potential to provide more rigorous, better quality and comparable (across areas and across time) information base that could significantly assist in better public and private sector policies.

### **3 A Local Case Study**

In a case perhaps common across the EU, the *Employment Research Institute* (2000) analysed the labour market information in the Lothian area of Scotland around the capital city of Edinburgh. They found that: first, the danger is that at the community-level, area-based third sector organisations gather detailed information on client characteristics, but there have been few attempts to draw together and analyse these data. Research designed to establish the outcomes achieved by clients tends to fall victim to low response rates. Funding practices which reward service providers for immediate rather than sustained outcomes and award contracts on a 'lowest bidder best' basis militate against more determined efforts to track the progress of participants.

Second, most local policy actors and some training and service providers demonstrated a strong awareness of currently available sources of labour market data. However, existing dissemination media provided by official UK agencies (e.g. *Office for National Statistics*) were often viewed as cumbersome and time consuming to use. Most local policy actors and employers would welcome the establishment of web-based resources and a hard copy publication summarising key labour market indicators.

Third, important gaps and problems with accuracy were noted in the official labour market data provided by government sources. The most important gaps related to:

- the skills of those currently in work but potentially at risk of unemployment;
- the personal circumstances and work histories of registered job seekers (collected but not collated by the public employment service, the 'Jobcentre Plus');
- the characteristics of economically inactive people of working age;
- the particular barriers faced by disadvantaged minority groups;
- and the detailed skills needs and recruiting priorities and practices of employers.

Important individual research exercises carried out at the national level often similarly fail to capture local labour market conditions in sufficient detail. Closer partnership working between local policy actors, the relevant national departments dealing with labour market statistics and *Future Skills Scotland* is required to ensure that in future such studies produce findings that are relevant and robust at the local level.

Other than in exceptional circumstances, private sector employers were reluctant to pursue original data gathering activities, viewing this to be the role of local and national policy actors. Employers tended to use highly specific existing labour market intelligence, mainly to plan salary and recruitment policies. More easily accessible and user-friendly information on the availability of skills within the local economy and sectoral trends would be valued by most employers. In particular, improved information about the availability and skills of many people currently classified as economically inactive was viewed as being potentially valuable in developing policies to expand the current labour pool and prevent churning. There would also be strong support for any local initiatives that might have a positive impact in promoting growth sectors and disseminating information about job opportunities to school and higher education leavers and labour market returners.

This suggested, among other things, that local policy actors seek to establish a consistent set of priorities for labour market information gathering across the area (in the form of a formalised labour market intelligence strategy). While individual agencies may still collect their own information within this strategy, a more consistent approach to these issues will prevent the duplication of effort, improve the quality of data, facilitate information sharing and, crucially, enable local actors to move towards establishing stable and long-term (rather than ad hoc) funding for this work. Also a local labour market intelligence unit should ensure that individual research exercises (whether undertaken with employers, employees or job and skills seekers) continue to be informed by the local labour market intelligence strategy, so that information gathered for smaller or ad hoc studies can be fed into a wider labour market database.

The first stage in this process should see agencies involved in data-gathering agreeing a series of 'core questions' about individuals' employability and employers' skills needs and recruitment practices. These standardised core questions should then form part of any future research, regardless of its more specific policy focus. The highly detailed client information gathered by the public employment service ('Jobcentre Plus') would clearly be of considerable value in identifying barriers to work and planning labour market interventions. Steps should therefore be taken to investigate the potential for this data to

be transferred into databases allowing the analysis of job seekers' skill profiles (while maintaining client confidentiality). In terms of national policy, there was a clear need for action to improve the scope and accuracy of major survey exercises such as the *Annual Business Inquiry* and the *Labour Force Survey* at the local level. In particular, the sample for the *Labour Force Survey* should be enlarged so that the survey generates usable data for local authority areas, and this is now done by *Future Skills Scotland* in their survey of employers. The data provided by the *Annual Business Inquiry* should be systematically checked by each local authority and corrections fed back, while the survey itself should aim to capture information on workforce skills and job roles in greater detail.<sup>1</sup>

Attempts to better integrate some of the various sources (e.g. *Office for National Statistics* 'NOMIS' website) used to access information on:

- claimant unemployment;
- vacancies;
- labour market structure (*Annual Business Inquiry*);
- earnings (*New Earnings Survey*);
- and economic activity (*Labour Force Survey*);
- together with population and social statistics from the *General Register Office* (Scotland) and the *Scottish Household Survey* were also used on a less frequent basis).

At a local level a number of initiatives have developed for specific times, usually tied to the availability of specific funding sources. One example is the *Lothian Labour Market Unit*, which was set up to provide labour market information for four local authorities in Lothian (around Edinburgh).

The unit aimed to help people, employers and others in Lothian and beyond to make informed decisions using labour market intelligence. It sought to:

- provide analysis of the Lothian labour market; evidence to help develop policies;
- improve availability, quality and consistency of labour market information;
- promote the proper and effective use of labour market information and intelligence;
- work closely with partner organisations to provide information and services to support their strategy development and operations;
- and to co-ordinate their work with other labour market information providers at the local and national level.

Another interesting example is the *Working for Families* programme to increase the employability of disadvantaged parents. This developed a national evaluation framework using consistent questionnaires, monitoring processes, and independent national analysis, but with data collection and local analysis carried out by individual local projects (ERI, 2006).

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The Annual Business Inquiry (ABI) which replaced the Annual Employment Survey (AES) in 2001 was designed to provide a 'whole economy survey', by including some sectors previously neglected by business surveys and linking data on employment and financial status gathered from the same sample of companies. The ABI draws data from 78,000 reporting units across the UK. The Office for National Statistics has argued that the new survey has effectively corrected long-standing national-level errors in the estimation of employee job numbers (for 1998, the ABI estimate of employee jobs was 900,000 higher than the AES figure). However, concerns have been raised that the ABI has resulted in greater inaccuracy at the local level, with errors of categorisation growing substantially. The ONS Neighbourhood Statistics programme provides more detailed local data on educational attainment and economic deprivation by rationalising and disseminating information held by social security and local education authority sources.

#### 4 Some Issues for Labour Market Monitoring at the Regional and Local Levels

There is a need for a consistent approach to developing, organising, and disseminating labour market information within a regional economy. Although individual policy actors sought to improve access to (and the quality of) labour market data, a dedicated 'labour market intelligence unit' can provide both information, detailed analysis and can seek to improve the use of information across a region. Such a body could seek to *develop an agreed set of labour market information priorities*, so that data are collated and presented in a consistent and strategic rather than ad hoc manner, and that primary data gathering is informed by a long-term research agenda. Too often regional and local labour market research exercises have not been conducted within a fully consistent strategy agreed between key policy actors. As a result, the findings of individual research exercises have not thus far been fed into a systematic labour market information framework accessible to a range of actors, while the repetition and duplication of data-gathering exercises has been commonplace. A local unit can offer the opportunity for local policy actors to agree a set of medium to long-term priorities for labour market information gathering, to be pursued in collaboration with local partners and assist local policy actors to effectively pool resources and expertise, while avoiding unnecessary duplication of effort.

A consistent approach would also offer the opportunity to *improve the quality, reliability and relevance of labour market information at the local level*. A co-ordinated unit or group of agencies might identify areas and sectors that require further analysis and to co-ordinate and carry out primary research, supplementing the data available through national and EU official sources. By developing accessible, targeted analyses of labour market issues at the regional and local levels, standardised labour market information could inform the policy process and work towards systematically 'filling the gaps' identified in existing official datasets. It will also help ensure the better analysis, use and dissemination of existing data sources, such as the destination of school leavers, Higher Education information et cetera. A standardised approach might also *improve the accessibility of labour market information* through the development of recognised and constantly up-dated web-based, hard-copy resources and workshops, and in more general terms by providing a focal point for policy actors, public and third sector agencies, employers and individuals seeking labour market information on the region or local area. To allow comparisons with other areas across Scotland, the United Kingdom and the European Union (to aid policy development and evaluation) it is important that standardised definitions and collection methods are used where appropriate.

A standardised approach may also offer the opportunity for key policy actors, employers, and others not simply to access labour market information, but to *effectively deploy and use labour market intelligence*. The shift from the simple use of labour market information to the strategic deployment of labour market intelligence implies that local policy makers and service providers are less interested in merely accessing lists of data, than effectively analysing those data within a specific economic and policy context. However, the process of transforming raw labour market information into usable and high value added labour market intelligence also requires a detailed understanding of the economic and policy context and the needs of users and hence detailed consultations with the key actors in the local economy.



## 5 Conclusions

There is a great need for standardisation between regions and between countries. With the large numbers of both organisations dealing with labour market monitoring (in terms of policy development, implementation and funding) and of partnerships between organisations it is difficult to get standardisation of definitions and processes due to their different aims, target groups, purposes for gathering or using the information and information requirements. Some degree of standardisation is needed if we are to compare circumstances and progress and effectively learn from experience elsewhere. However, this will need co-ordination across the EU, and beyond, to make it effective.

## Acknowledgements

The author would like to thank Colin Lindsay for his insightful comments.

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## Forecasting in Regional Labour Market Monitoring

*Ben Kriechel*

### 1 Introduction

Forecasting future labour market situations is a natural element of labour market monitoring. Commonly, labour market monitoring systems do not contain explicit forecast. Rather, they contain current and historic information on key labour market variables. These are, however, used to evaluate the current situation and to anticipate future labour market situations. Users of historic data make implicit forecasts of the labour market variables by looking at trends. More complex labour market forecasts are in a sense an extension of these implicit forecasts yielding more consistent and efficient results given all the information available.

Regional Labour Market Monitoring is a tool that regional actors, normally regional branches of the government, provide to increase the transparency on the labour market. Transparency is created both for their own staff, that needs the monitoring to develop and pursue labour market policies, but also for actors on the labour market. The actors are not only the workers – as the supplier of the labour – and the companies demanding labour, but also the institutions that facilitate and aid the various processes on the labour market. Within the Netherlands at least five main regional actors can be identified: labour unions representing the worker, trade unions for the employers, schools and educational institutions, the labour office, in the Netherlands called “Centrum voor werk en inkomen (CWI)”, and the regional branches of the government.

All these actors are in need of timely, reliable, and – if possible – forward looking information on the regional labour market. For the current situation traditional labour market forecasting provides an adequate picture: the historical development and composition of the labour force are just as well readily available as the percentage of unemployed and the number of unfilled vacancies. However, when forward looking indicators are needed, one has to rely on more or less sophisticated models of forecasting.

In this chapter I will discuss the general use of labour market monitoring in the Netherlands (section 2), to then discuss the regional labour market forecast in section 3. Here I will describe the regional model of the ‘Research Centre for Education and the Labour Market’ (ROA), which is especially useful for the early identification of mismatches and skills need. Section 4 discusses the labour market information system as it was developed by ROA to facilitate the use of the information generated from and by making the forecasts. Section 5 summarises the main points and concludes.

### 2 Regional Labour Market Monitoring in the Netherlands

While many issues of labour market policy are dealt with on the national level in the Netherlands, there remains a large degree of responsibility for provinces and municipalities. They are an important actor and facilitator in the regional labour market context. Although municipalities have some influence on the regional labour market policies, it is only within the bigger cities that they have sufficient size to actively engage in labour market projects that warrant extensive labour market monitoring.

The size of the region, be it a municipality or a province, often explains the degree and emphasis placed on labour market monitoring systems. Smaller municipalities will find a survey of employed within establishments or businesses of their municipalities sufficient, while larger municipalities will use more complex data and instruments.

All provinces have labour market monitoring systems of some sort. They differ in set-up, contents, and availability. They are usually the result of an evolving process in which information created within the organisation are combined with information that are incidentally or structurally generated outside of the organisation. All provinces and municipalities share the responsibility to contribute to the so called 'LISA database' (LISA) in which the number of employed workers is counted per establishment. In addition information of the gender, full-time or part-time status of the employee, and the sector is recorded. Many municipalities, and all provinces use the current and historical LISA counts for their labour market monitoring.

Structural information that is often added to the LISA employment database is information that the labour offices (CWI) provide. This includes a (regional) count of the short-term and long-term unemployed, vacancies, but also a forecasts provided by the labour office.

Detailed regional labour market forecasts are only incidentally used. They are usually not at the core of a region's labour market monitoring system. While most policies actually rely on the implicit extrapolation of trends which are identified using the current labour market data plus their historical context, most provinces rely on intermittent, i.e. sporadic but in some cases regular, updates of especially medium-term prognosis.

### **3 Regional Labour Market Forecasts**

Detailed labour market forecasts that can be used for e.g. early identification of skills need are usually not structurally included in the labour market monitoring of the regional actors. However, recently more and more interest is showing in detailed forecasts that allow to pro-actively address possible future mismatches in demand and supply of skills within a region.

While general employment trends seem easy to extrapolate, given sufficient information on both the historical development in a region and the national economic development as a whole, there are several reasons for the importance of a consistent and regular update of forecasts. A sophisticated forecasting model that incorporates the general employment trends, demographics of the workforce, and the changing structure and composition of occupation and the education within the workforce is especially important in the context of early identification of skills needs.

For the Netherlands, ROA provides biannual forecasts for more than hundred different occupation and educational degrees. Borghans et al. (2006) describe the most recent national forecast. The basic methodology of this national model is described in Cörvers, de Grip and Heijke (2002).

For several years these forecasts have also been used to develop a regional model of occupational and education labour market forecasts. For the provinces of Limburg, Gelderland and Overijssel several rounds of forecasts have been made. Borghans et al. (2005) contains the most recent study for the province Overijssel. The model builds on the forecasts of the national model, introducing regional elements in several steps of the forecast methodology. Cörvers and Hensen (2005) describe the philosophy and methodology underlying the regional forecasting model used by ROA, while Kriechel (2005) focuses on the success factors in the implementation and use of regional forecasts.

### **3.1 Methodology of ROA's Regional Forecasting Model**

The model is build to provide medium term, 5 year, forecasts on a detailed occupation and educational level. It allows for changes in the occupational structure over time (e.g. skill upgrading), as well as substitution processes. The regional forecasting model is based on the national methodology. The same components as in the national model are used for demand, expansion and replacement demand, and for supply, the short term unemployed and school leavers. Whenever possible, data and estimates are done on the regional level. The model is developed to make efficient use of the regional information available, and by using national input whenever necessary. Different from the national model, the regional model puts a stronger emphasis on the lower and intermediate education level. Those groups are the most regionally oriented, especially among school leavers.

Figure 1 gives a simplified representation of the main ingredients of the model. Dark grey boxes represent the use of national data or matrices, while white boxes show the use of regional data only. The light grey box of the school leavers represents a combination of the two. School leaver forecasts are based on the counts of students by the ministry of education<sup>1</sup>, they are not on a regional level, but we use the current labour force's educational composition to predict the precise composition of the inflow of new graduates on the regional labour markets.

The replacement demand, on the right side of the figure, represents the outflow or turnover of workers within an occupation or education that needs to be replaced. While not all outflows will be replaced, because the composition of the occupational or educational structure on the labour market is changing, we estimate the replacement demand that is to be filled. The estimation procedure is based on the age-gender structure of an occupation or educational group.<sup>2</sup> This demographic structure of an occupation is combined with an historic estimate of turnover for the specific age-gender cohort of the occupation, and a regional prediction of the changes ( $\Delta$ ) in participation rates by age-gender cohort.

In the regional context the age-structure within the occupations is not sufficiently filled. In order to use the available information on the labour force, namely the age structure on the one hand and the occupational (educational) composition on the other hand, we use a RAS procedure with the national composition of age-gender within occupations (educational levels) to estimate this composition on the regional level.<sup>3</sup>

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<sup>1</sup> Ministerie van Onderwijs Cultuur en Wetenschappen (2004): Referentieraming. Zoetermeer.

<sup>2</sup> We use the count of people within a region, i.e. absolute numbers (denoted by the symbol # in Figure 1) in the age gender-cohort and occupation.

<sup>3</sup> The RAS procedure combines the row and column totals of a matrix and information of its structure to extrapolate the complete matrix. See e.g. van Eijs and Borghans (1996).

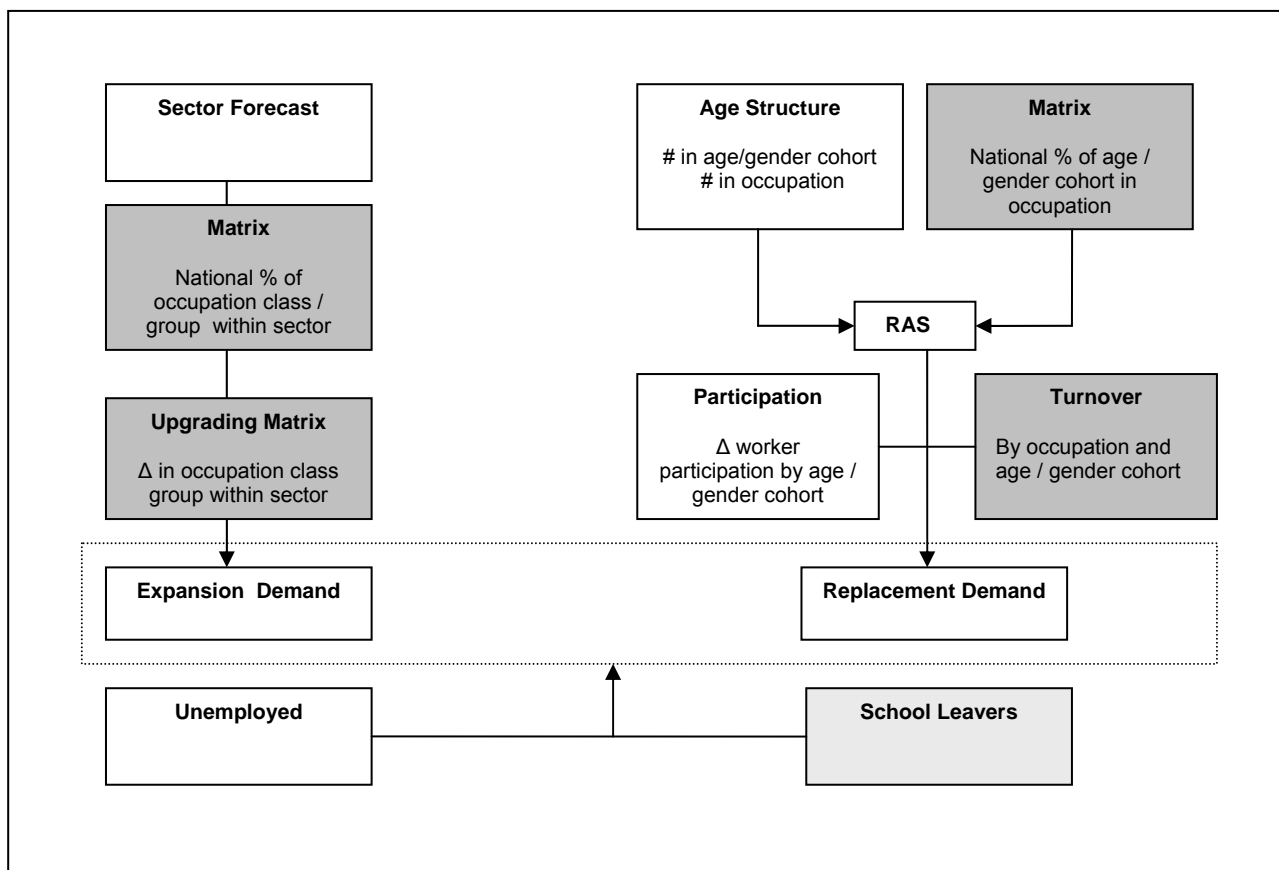


Figure 1: Regional Forecasting Model

Expansionary demand is estimated using the regional sector forecast. They are based on changes of employment ( $\Delta$  sector employment) over time. These forecasts are combined with the occupational composition of sectors. It is mostly done using a national matrix, again for a lack of sufficient observations on a regional level. Additionally, we correct for shifts in the occupational (or educational) structure of the workforce and the substitution across occupations ( $\Delta$  in occupation class). This correction is based on the national correction and estimates.

Both replacement and expansionary demand constitute the labour demand. The demand is confronted with the predicted supply: the unemployed and the predicted school leavers by education.

Besides the information on the different components of supply and demand on the labour market, several indicators are calculated. These indicators are intended to condensate information on supply and demand into one index, while they also allow to rank the degree of forecasted skill-mismatch by occupation. They are thus an efficient way to combine different aspects of the forecast, while keeping the comparability across occupations, but also by allowing comparisons to higher level of aggregation.

One of the challenges in the regional context is the availability of sufficient data for disaggregate data. Kriechel, Cörvers and Heijke (2005) give a detailed discussion of this problem of 'cell-size' within the current model of regional forecasts in the Netherlands.

In the future there are several ways in which the problem can be tackled. One is methodological: to reduce the level of detail on the occupational or educational class. In other words, the problem is in itself not solved, but in order to avoid the use of national data for regional forecasts, a less detailed skills forecast is made. Another possibility would be to make use different, administrative data that has become more readily available lately. Both of these avenues are being pursued to examine the possibilities for more efficient, detailed, and reliable forecasts.

#### **4 Labour Market Information Systems**

The labour market information system was developed within ROA as a response to more flexible approach to the generated data on the current situation on the labour market, but also on using the different levels of detail on occupation and educational degrees. It is a database of the forecast results, including their components in expansion, replacement demand, versus the inflow onto the labour market, as well as the indicators of mismatch.

Users can access the database to generate custom made reports on occupations they are interested in. One can, for example, compare various forecasts for several occupations, generating custom made tables. Other users are more interested in one specific occupation or educational degree, and will use the detailed information on the several aspects of the forecasts, the information on the demographic structure (age and gender ratios) within the occupation or educational degree.

The database is an addition to the traditional report that is published for the dissemination of the forecasts. Within the report the forecast itself is presented and interpreted. In addition one or two labour market aspects are examined in more detail. Topics range from the role of foreign workers on the labour market, the interregional and intraregional commuting patterns to issues as scenario analysis with different sector forecasts.

#### **5 Conclusion**

Labour market forecasts are an implicit tool in all labour market monitoring. It is natural to all actors to work with the available data in such a way that they anticipate future trends and react to them. ROA's regional forecasting model is an extension to such implicit extrapolations of historic data. Build on the methodology of the national forecasting model it uses the historic information on the regional level. By combining the regional information and additional national trends that cannot be easily estimated given the lack of regional data, a precise and detailed forecast of the regional labour market can be made. These forecasts allow – among other things – to evaluate future skill-mismatches on the regional level.

While not all regional actors will necessarily need such detailed forecasts they do significantly enhance the transparency of the regional labour market. Actors can be more precise in diagnosing future problems which can subsequently be tackled.

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## **5 Networks in the Field of Regional Labour Market Monitoring**

### ***Introduction to this chapter***

The details given in the following chapter are based upon experiences gained in networks. All three contributions are closely related to the relevant labour market developments in European contexts. The perspectives are completely different in individual cases.

The viewpoints of three institutions are presented: (i) an educational institution active Europe wide, (ii) a European research network, and (iii) a recently founded Regional Labour Market Monitoring network. All of them share the assessment that networks are important for the specific contexts of their work.

The reader will find out that networks can develop not only among individual countries but also among individual regions within various countries. The main focus, therefore, will be on “inter-regional networks” – in the fields of vocational and educational training, scientific research, and in the area of regional labour markets.



## **Networks at Work – Experiences of National and International Network Projects on Early Identification of Skill Needs**

*Bernd Dworschak / Alena Zukersteinova*

In 1999 the German Federal Ministry of Education and Research (BMBF) launched the 'Initiative for Early Identification of Qualification Needs'. An essential element of this initiative is the FreQueNz research network (FreQueNz is an abbreviation of the German for *network for early identification of qualification needs*), which is concerned with questions on skill trends. The emphasis is on the early identification of new skills and on assessing the significance of findings for vocational training. The network comprises twelve institutes and organisations working on projects with a mainly qualitative focus on specific sectors of activity, enterprises, and target groups. Research activity is linked through the network, making it possible to retain an overview of the work and to discuss methods, approaches, and results in progress. The network makes it easier for project partners and users to contact each other and thus to communicate, cooperate, and disseminate results efficiently. The findings contribute to modernisation of vocational training and allow a prompt reaction to changes as they reveal themselves. The aim of the initiative is to identify skill needs, make findings rapidly available, and formulate options for action in initial and continuing training.

In parallel with these activities, a close link of the FreQueNz network and the international *network on early identification of skill needs* – Skillsnet – has been established in the meantime. Skillsnet was set up by *Cedefop* (European Centre for the Development of Vocational Training) at the beginning of 2004 as a response to the demand of experts, policy makers, and social partners from the field of early identification of skill needs. The network brings together highly qualified researchers and other stakeholders from across the world to present and discuss outcomes and methods of research and analysis on new and changing skill needs as well as medium to longer-term outlook for skill needs in the labour market. The network provides a forum for information exchange and generation of new activities and projects in the early identification of skill needs by bringing in a multidisciplinary cross-country perspective. It helps to increase transparency as to skill needs in various sectors and occupations across countries and builds on already existing structures in the field. The outcomes of research are actively discussed with policymakers, practitioners, training organisations, employment services, social partners, and others actively working on the identification of skill needs with a view to their transfer into education and training policy and practice.

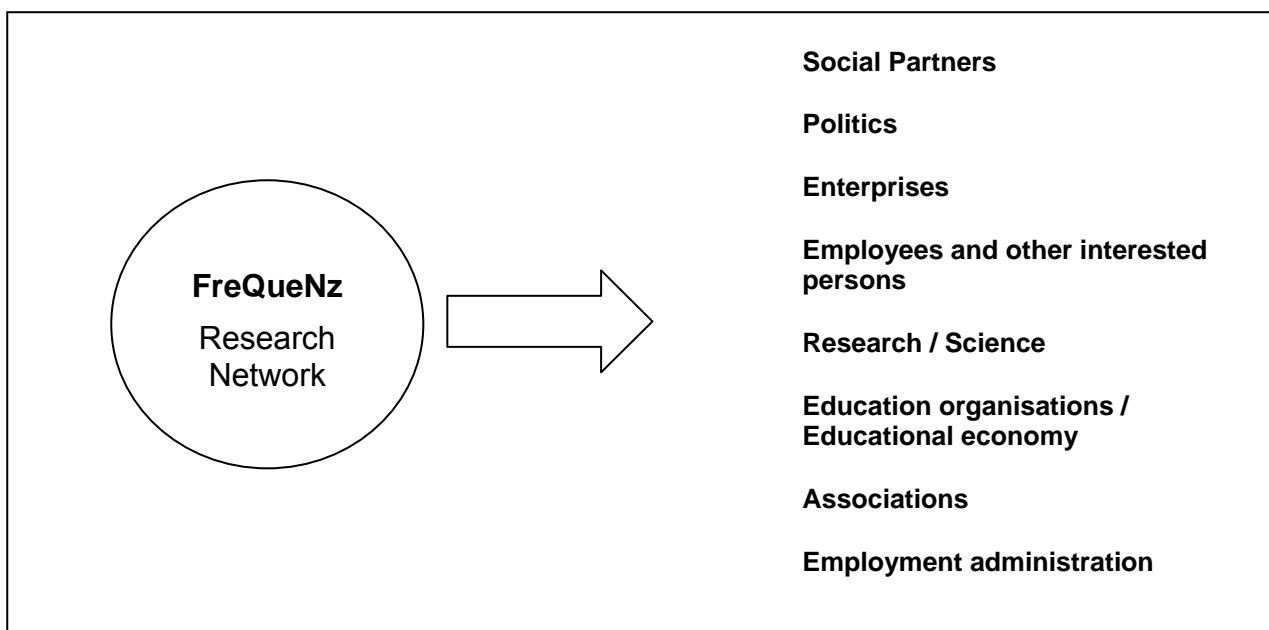
### **1 The FreQueNz Research Network: Project Partners and Objectives**

The German Federal Ministry of Education and Research (BMBF) sponsors a variety of projects with different objectives as outlined below. Individual project partners are linked together in the FreQueNz network, whose function is to combine and collate the results obtained and to assist the ministry in their dissemination. Results are made available to a wide range of target groups, which, besides educational organisations and enterprises, are chiefly the social partners and associations involved in vocational training policy deliberations as well as researchers and academics working in the field.

The following twelve institutions and organisations are linked within the FreQueNz network:

- the Forschungsinstitut Betriebliche Bildung (f-bb)
- the German Trade Union Confederation's Further Vocational Training Centre in Hamburg (bfw);
- the German Federal Institute for Vocational Training (BIBB);
- the German Trade Union Confederation's Federal committee for vocational training (DGB);
- the International University Bremen (IUB),
- the Research Institute for Vocational Education and Training in the Crafts Sector (FBH) at the University of Cologne;
- the Fraunhofer Institute for Industrial Engineering (Fraunhofer IAO);
- TNS Infratest Social Research;
- Helmut Kuwan, Social Research and Consultancy, Munich (HK-Forschung);
- the Institute of Structural Policies and Economic Development (isw);
- the German Employers' Organisation for Vocational Training (KWB);
- the Social Science Research Center Berlin (WZB).

The following institutions and organisations can be seen as users of the FreQueNz research network:



*Figure 1: Users of the FreQueNz Research Network*

The main objectives of the *German Initiative for Early Identification of Qualification Needs* are:

- the development, test, and evaluation of a variety of methodological approaches to early identification of changed and new qualifications. Especially at the start of the initiative a number of conferences attended by all project partners were organised by the FreQueNz network, providing an occasion for information, dissemination, and discussion among interested academics and social partners about methods applied in the field;

- the identification of new and changed qualifications in a wide variety of fields. Studies have been conducted in a number of industries such as building and construction, motor vehicle, electronics, financial services, health and wellness, information and communications technology, metalworking, the retail trade and tourism, supplemented by work on 'hybrid' areas such as e-commerce, logistics, facility management, call centres, and skill needs for the low skilled. Additionally, cross-national comparisons have been made in a number of other areas to identify examples of best practice;
- the transfer of results into the system of vocational education and training (VET) and to the user groups mentioned in figure 1. Regarding the transfer of results, there are links with the German vocational training reporting system, particularly the *Vocational Training Report* (Berufsbildungsbericht), the *Skills Structure Report* (Qualifikationsstrukturbericht) and the *Continuing Training Reporting System* (Berichtssystem Weiterbildung).

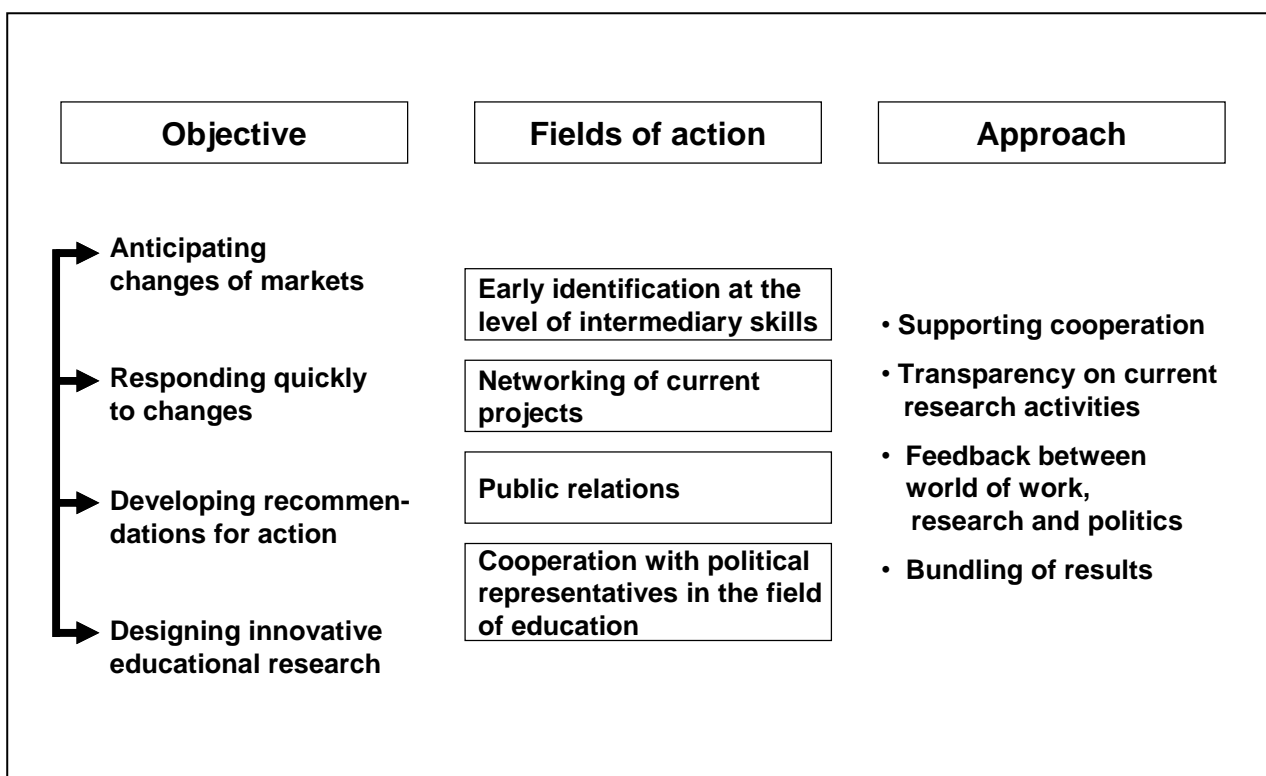


Figure 2: Objectives, activities, and procedures of FreQueNz

## 2 Skillsnet: Target Groups and Objectives

Cedefop has launched the international network on early identification of skill needs Skillsnet as a result of two European conferences which took place in 2002 (Berlin) and 2003 (Thessaloniki). In a round table on the cooperation in the field of early identification of skill needs at European level, organised as a part of the latter conference, key experts, social partners and policy makers expressed the clear interest in establishing a European or even international network on early identification of skill needs that would bridge research, policy and practice.

The key objectives of the network are twofold:

- to present and to discuss results of early identification with policy makers and practitioners with the view of their transfer to education and training;
- to provide a forum for researchers and experts in the field of early identification with the view of exchange of their experiences, and the increase of transparency in methods and approaches.

Skillsnet aims at fostering networking, cooperation and exchanges among countries and among researchers, policy-makers, practitioners, social partners, and other stakeholders from Europe and beyond on the main trends and developments in the field of early identification of skill needs. The network provides a ground for presentation, discussion and exchange on outcomes, approaches and methods of research and analysis on new and changing skill needs as well as medium to longer-term outlook for skills in the labour market.

Skill needs in regions, specific sectors, companies, and occupations are of particular interest. Similarities across territories, sectors, and occupations help to identify common European or international trends in skill requirements, for example in tourism, logistics and new technologies (e.g. nanotechnology, biotechnology, fuel cells, et cetera). Holistic approaches and innovative solutions have a priority in research and analysis that can cater for the time gap between the actual change in demand and the policy and implementation response. The transfer of findings into policy and the implementation of reforms are of central importance and involve all actors – policy-makers, social partners, training organisations, and researchers – to ensure the acceptance and legitimacy of reforms.

Moreover the network supports various partners in finding their common language and their respective role in the early identification process. *Skillsnet* tries to facilitate better communication between research and policy and also within the research itself (i.e. tries to find common language of different types of researchers). Inter-institutional and expert networking is therefore a well appreciated solution.

### 3 Models, Organisation, and Functions of Networks

Dealing with the establishment and development of networks, two models of networks have to be considered: the exchange of information model and the coordination model (see Mittag, 2004).<sup>1</sup> While the exchange of information on early identification of skill needs refers to mutual exchange of information on emerging trends and requirements in different sectors, regions and occupations, another form of cooperation refers to the exchange of experts, researchers, and trainees as well as to concrete collaboration on particular projects (see Tessaring, 2004).

In the exchange of information model, the “network is based on organising the flow of information and on the option to post information independently. The only necessary prerequisite is an information platform, for example via the Internet, linking existing platforms and databases.” (Mittag, 2004, p. 227) “The coordination model, in contrast, is based on exchanges of results and experience in an agreed structure and form. These exchanges must be coordinated by a central body, where all information flows together. In

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<sup>1</sup> The control model, in which a coordinator exercises leading control over the complete network by setting objectives and giving orders, seems not to be suitable for the kind of research networks discussed.

this model, the contact point has the task of gathering information and making it available to all the players. It can also point out that results are still missing or that research is needed, so that common decisions and further evaluations can be prepared.” (Mittag, 2004, p. 226)

Both *Skillsnet* and *FreQueNz* come close to the coordination model. They both have a coordinating body (*Skillsnet*: Cedefop; *FreQueNz*: Fraunhofer IAO) serving as a kind of information broker in disseminating the (research) results of the partners. The exchange of information is definitely an important objective, the joint research of different partners (e.g. in *FreQueNz*) and the joint work on special projects, publications and events (e.g. in *Skillsnet*), however, go beyond a simple exchange of information. *Skillsnet* and *FreQueNz* have both a research and a public relations / dissemination function.

An advantage of networking is that it offers an overview of results generated by the different research approaches, which can then be channelled into vocational training policy discussion. Moreover, communication of transparent results to counselling and guidance organisations and interested individuals is able to influence skill-related decisions, and can contribute to reducing skill imbalances in the economy.

## 4 Working and Communication Forms

Suitable working and communication forms play a key role in establishing and – even more important and difficult – in “keeping alive” networks. The membership and participation in networks can differ to a great extent:

- *Core members* include the coordinating bodies and persons / institutions / organisations willing to play the leading or major role in various activities (see below).
- *Active members* include the core members and members who give input to the network and participate in activities of the network.
- *Passive members* or (depending on the definition of the network) mere users of the network make use of the information provided.

These roles depend on the access to the networks and can change in different phases of the networks. Concerning the establishment and development of networks, external communication forms (aiming at the users and target groups of the networks) and internal working and communication forms (aiming at core and active members of the network) can be distinguished.

### 4.1 External Communication Forms

The public appearance of both networks is standardised along the lines of a corporate design of flyers, publications, websites, or other products of the networks. One feature of the corporate design is the logo appearing on the websites and other channels of publication (see the internet web sites of the networks “<http://www.frequenz.net>” and “<http://www.trainingvillage.gr/skillsnet>”).

The website “<http://www.frequenz.net>” created by *FreQueNz* is used to make the results of individual research projects accessible to lend further impetus to dissemination. The general objective of these measures is to make the project results and other information available to a wide range of users (social partners, associations, research bodies, the German *Federal Institute for Vocational Training*, enterprises and training bodies) as rapidly as possible and to further the modernisation of vocational training.

To foster cooperation and exchange of knowledge and findings *Skillsnet* uses the *European Training Village* (ETV), an interactive electronic platform on vocational education and training which is moderated by the Cedefop team (please refer to "<http://www.trainingvillage.gr/skillsnet>"). The platform is aimed at improving transparency, fostering exchange of both information and experts, and promoting cross-country cooperation. The network members use the electronic platform for sharing their methodological approaches and findings. The forum is also used for generation of common projects, calls for cooperation and dissemination of research results. All interested experts and stakeholders can apply there for a membership via on-line application form.

Although *Skillsnet* operates as a voluntary forum for dialogue and information exchange, in two years has around 130 registered members from all over the world and from different target groups. And many more participate actively in *Skillsnet*'s work but are not formally registered via the electronic platform. Most members come from research institutes; however ministries, universities, social partners, businesses, training institutions, consultancies, policy-makers as well as various European and international institutions are also represented.

The *Skillsnet* website consists of two parts, a public domain where information is available to a broader public and a restricted area open to members only. The restricted area provides an opportunity to members to share research findings and information, to post working papers or to look for project partners. Members providing such information can signal whether they want to make this available to a wider public or a restricted audience only. All members have access to information on forthcoming events in the field of early identification of skill needs organised by *Cedefop* or other members of the network. Another advantage can be seen in a special section called 'Who is who in *Skillsnet*' which allows members to look for project partners.

*FreQueNz* publishes research results in newsletters and in the 'Qualifikationen erkennen - Berufe gestalten' (Recognising skills - structuring occupations) series which now comprises twelve volumes. *Skillsnet* publishes research results and proceedings from conferences and workshops with a view of their transfer into education and training policy and practice. Apart from starting to produce a newsletter, "sector flashes" were introduced in 2005 to summarise the main trends and related skill needs in selected sectors.

Several conferences have been organised by both *Skillsnet* and *FreQueNz*. Regular activities of *Skillsnet*, for example, include thematic workshops and expert meetings on innovative approaches and research methods as well as on skill needs in selected sectors organised in close cooperation between network members. The key facet of these meetings and workshops is a reasonable number of participants. *Cedefop* together with partner institutions organises larger international conferences of the network aiming at presenting various methods, approaches and research outcomes to a broader public.

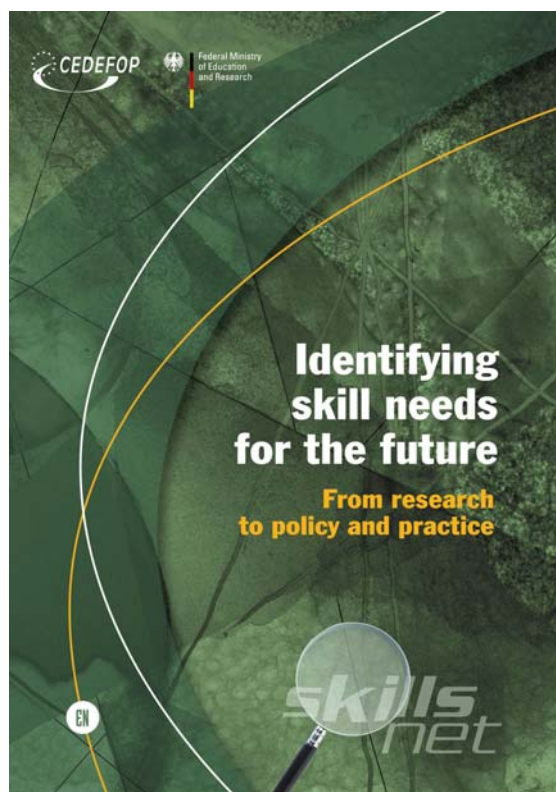


Figure 3: Examples for Publications and Newsletters (of Skillsnet and FreQueNz)

## 4.2 Internal Working and Communication Forms

The establishment of internal working and communication forms is to some extent dependent on the history of the networks discussed. *Cedefop*, for example, started to be active in the field of the early identification of skill needs in 2002. As a first step it organised together with the German partners of the *FreQueNz* network an international conference in Berlin in 2002 which provided a comprehensive overview of a number of related initiatives in European countries. In 2003, a second conference was held in Thessaloniki, which gathered policy-makers, researchers, and practitioners from 24 countries. Activities in several countries and their political implications were discussed and the establishment of an international network was unanimously agreed. *Cedefop* was asked to take on the lead role in establishing the network, initiating and facilitating network activities, stimulating projects and partnerships, linking up to other networks and ensuring the dissemination of outcomes in a structured way. The idea of establishing a network was widely supported not only by experts, social partners and policy-makers but also by the German network *FreQueNz* and actually *Skillsnet* was created to a large extent thanks to them.

Apart from regular meetings of the project partners and coordination teams the working and communication forms of the networks are characterised by the above mentioned joint activities and products. In fact, the joint organisation of events or the editorial work for publications and newsletters are subjects of cooperation in the networks. There are brainstorming meetings and preparation meetings for the organisation of joint workshops and conferences and due to the work on joint publications and newsletters there is a close communication in and between the networks. Thus, there are both internal and external effects of the activities and products of the networks. Of particular importance here is to take into account language aspects and problems. This is not only valid for international networks where the working language is an important issue to be discussed when creating such a network but also for national networks when talking about a common language in terms of a joint terminology.

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## **Inter-Organisational Networking from a Practical Point of View – Experiences of the Strategic Department of a Non-Profit Making Training Institution: the Competence Center EUROPA of Berufsfortbildungswerk des DGB**

*Monika Stricker / Antje Utecht / Tanja Kreetz*

### **1 Introduction**

Cooperation and networking among education and training providers became a decisive factor in creating the future knowledge-based European society.

In the following chapter it will be described how the quality and effectiveness of vocational training providers can be improved by acting in formal and non-formal network structures to organise a comprehensive human resources development approach for their customers.

Special attention will be given to the possibilities of European cooperations – referring to a more and more global acting economy and the necessity for strategic alliances in nearly all business fields.

The authors explain how inter-organisational learning processes can take place in a European-wide acting vocational training organisation by exchanging different views, know-how, methodologies, approaches and cultures in a network of different actors working in complementary fields of human resources development such as consulting, technology based learning concepts (e.g. e-learning, blended learning), or work placements.

### **2 The Strategic Department of Berufsfortbildungswerk<sup>1</sup> (bfw) responsible for the Initiation and Maintenance of European Networking Approaches**

The so-called Competence Center EUROPA (CCE), located in Heidelberg and Siegen in Germany, is the strategic department for European networking approaches of the non-profit-making company bfw which is owned by the German Trade Union Confederation (Deutscher Gewerkschaftsbund – DGB). The company bfw is one of Germany's major vocational training institutions organised in 30 regional branches with more than 200 vocational training centres and approximately 45,000 participants per year.

The bfw and its vocational training centres are established on regional level while – in order to widen their competencies and to fulfil the regional demands – they also act as partners in European projects in many different fields of training and consulting. The bfw initiates about 100 European funded projects and educational measures p.a. – mainly financed by the European Social Fund (ESF) and other instruments of the European Union for the development of human resources (e.g. Leonardo da Vinci, Socrates, Community Initiative EQUAL).

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<sup>1</sup>

English translation: Vocational further training organisation. For further information, please refer to the website of bfw: "<http://www.bfw.de>".

The department CCE is responsible for the success of the European project initiatives of the regional branches of bfw and at the same time a laboratory for innovative projects (new courses and training materials) and new approaches (e.g. e-learning and blended learning, fostering lifelong learning) to be integrated in the every-day training activities of the regional training centres.

Furthermore, CCE advises the administrative staff and trainers of bfw on the acquisition of external public funding to carry out innovative projects, starting with the joint development of the project idea up to its realisation and ensuring competent process management. Moreover, CCE arranges the participation in cooperating projects initiated by European partners working in complementary fields of human resources development such as universities, trade unions, public institutions and consulting companies. CCE also offers consulting to external partners referring to

- European policy developments and funding opportunities,
  - European project management in vocational training projects,
  - mainstreaming and dissemination of project results,
  - know-how-transfer and personnel development fostered through the exchange of experiences amongst partners all over Europe,
- and carries out workshops, conferences and seminars on these topics.

### **3 Importance and Opportunities of the Participation in a Network**

The cooperation in regional and European networks can bring a substantial added value to the networking institutions and organisations. New business activities, new forms of inter-institutional learning and innovation processes can take place. The advantages of networking as well as the lessons learned and future perspectives based on the experiences of the Competence Center EUROPA will be described in the following.

In order to do so, it makes sense to define what is meant by a network in this context. According to Kappelhoff "(...) a social network [is] defined as a quantity of social actors and their existing social relations. In case these actors are organisations we speak about an inter-organisational network"<sup>2</sup>. Based on this formal definition inter-organisational networks as social constructions can be described with regard to a lot of dimensions, e.g.<sup>3</sup>:

- kind, number and structure of organisations;
- objectives (mission, identity, strategies);
- way and form of relations (e.g. intensity of relation, sub-structures, stability);
- way of system boundaries and degree of institutionalisation (membership rules and prerequisites, legal status, degree of formalisation and bindingness, relation of cooperation, contractual and financial aspects);
- clarification of resources (resources that are at hand and ways how they are provided, members deciding on or being in charge of distribution);
- focal perspectives (centred on the actors, systemic approach);
- organisation of working procedures (e.g. distribution of responsibility for implementation);
- way and rules of activity (way of interaction, readiness for implementation, conflicts);

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<sup>2</sup> Kappelhoff (2001): 31 (quotation translated from German original – translated by the authors of this chapter).

<sup>3</sup> Cf. ibidem. Please also refer to Hamburger/Stauf/Lauer (2002): 5.

- steering and co-ordination within the network (division of power and influence, decision making processes, time management, conflict management);
- evaluation of activity (existence of an evaluation and a quality assurance system, partner in charge of evaluation and quality assurance, criteria for measuring the quality of the activities);
- duration of the relationships;
- public relations (e.g. documentation system, involvement of the media), et cetera.

In the previous decade the importance of “networking” has increased on the micro-economic level as well as on the macro-economic level. According to the organisational model of “*Learning Organisations*” the concept of “*Learning Regions*” has been developed on the European level, in order to promote an integral strategy of regional development in the knowledge-based society. This development is founded on the knowledge that in the long run the challenges of globalisation can be managed from the European states only if they can integrate the success factors of social-economic network relations with the mechanism of flexible co-ordination and direct communication of the participating actors as pre-conditions for creating innovation successfully into global policy.<sup>4</sup> This insight led to the increasing creation of regional networks of e.g. labour market actors, social partners, public authorities et cetera in order to implement European, national and/or regional policy into practise – by using a *top-down* approach.

Cooperation and networking initiated by organisations from a *bottom-up* perspective is also explicitly promoted in the framework of the EU “construction process”: Since the mid-1980s the European Community has started numerous action programmes in the field of vocational education and training such as ADAPT and EMPLOYMENT, promoting in-company further training and the adaptability of employees towards structural changes, EMPLOYMENT-NOW, fostering equal opportunities for women in vocational education and training and the language training programme, YOUTHSTART, promoting the integration of youngsters into the labour market. The aim was to increase the participation in vocational training, to promote the exchange of information and experience and to improve skills in problem-solving of the institutions and participants involved as well as intercultural understanding amongst the European citizens.<sup>5</sup>

The significance of cooperation in the educational field was enhanced through the “Copenhagen Declaration” (29 and 30 November 2002): The *European Ministers of Vocational Education and Training*, and the *European Commission*, declared their aim “to increase voluntary cooperation in vocational education and training in order to promote mutual trust, transparency and recognition of competences and qualifications, and thereby establishing a basis for increasing mobility and facilitating access to lifelong learning”<sup>6</sup>.

In fact, the understanding of the advantages of networking among training institutions, small and medium-sized enterprises, associations and other relevant bodies was one of the incentives of those organisations to act increasingly in (regional) networks. As a result, *bottom-up* innovation processes in the global society were achieved. At the same time, collective learning processes and the enhancement of creativity will appear.

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<sup>4</sup> Please refer to Stahl/Schreiber (2003): 9, 24.

<sup>5</sup> For further information on the first EU-programmes in the field of vocational education and training, please refer to Sellin (1999).

<sup>6</sup> European Ministers of Vocational Education and Training, and the European Commission 2002: 2.

Dealing with the advantages of networking, formal networks – compared to informal networks – offer their members a higher degree of institutionalisation that can be identified by the following characteristics:

- a clearly defined goal / mission of the network,
- an operational infrastructure,
- clear roles and responsibilities among the partners,
- a concrete platform for information exchange (e.g. seminars, conferences, working groups), developing all-inclusive training concepts using complementary fields of activities and different competencies of the partners as well as lobbying (e.g. towards important governmental organisations and bodies).

Based on the principle of complementarity, the participation in networks allows collective learning processes, the appearance of synergies and the enhancement of creativity and innovation processes, resulting from the exchange of different views, know-how, interests, activities and cultures between the partners<sup>7</sup>. If successful, networks can generate a higher quality of output, enable new ideas and activities as well as allow its members to act more efficient and more productive on an individual basis.

Another advantage is that the time-consuming phase that is always necessary to plan and establish a cooperation between new partners (e.g. negotiation on objectives, strategies, role of partners and way of collaboration) can be reduced in case of an existing network as it is not necessary to re-launch the finding and planning process every time from scratch.

There is an important pre-condition for the participation in a network which is at the same time an outcome of successful networking: the willingness and culture of trust among the members. The culture of mutual trust not only allows the quick boost of latent structures, but also under the condition of lacking information, which are probably existent in most complex networks, to join actions, which however, may also imply risks and disadvantages.<sup>8</sup> If the partners of a network are aware of the “return on investment” resulting from successful networking and are at the same time willing to promote the mutual trust and to share information among each other, this can offer high potentials and good opportunities for every single member of the network.

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<sup>7</sup> Please refer to Stahl et al. (2003).

<sup>8</sup> Please refer to Hamburger et al. (2002): 7.

#### 4 Experiences with Networks

The CCE is currently active in five formal European networks:

- AGIL-E (financed under EQUAL II)<sup>9</sup>
- Blended Learning Network<sup>10</sup>
- Euroreso<sup>11</sup>
- East-West-Network Europe (EWNE<sup>12</sup>)
- and BBJ Cooperation Network<sup>13</sup>;

as well as in different regional and European formal and non-formal networks – several of them being project-based.

Some of them will be presented in more detail in order to describe the experience CCE has gained through active membership in formal and non-formal networks.

The transnational partnership “AGIL-E”<sup>14</sup> was formed at a transnational meeting held in Worms (Germany) in March 2005. The decision to cooperate among four partner states – Austria, Germany, Italy and Lithuania – was taken after having realised that the four states share common views on how to approach the current labour market problems. All four national networks (*Spurwechsel* in Austria, *SoWirtS!* in Germany, *ALUNGO* in Italy and *Probleminių regionų atgimimas: įsidarbinimas, partnerystė, bendruomenė* in Lithuania) operate within the thematic field “employability” and focus on (re-)integrating disadvantaged groups into the labour market. The members of this partnership have reached the conclusion that, in order to be able to tackle the major problems relate to unemployment, it is fundamental to focus on improving the cooperation between the economic and social system. In fact this is necessary as the two systems have “communication problems” or clash, since the profit and non-profit sectors define and approach the problem of long-term unemployment in different ways and have different financial resources and views on the measures that would be successful at a given time. This is why, so far, most forms of cooperation have failed after a short period of time. Since all partners are convinced that the cooperation between the two systems offers great potential for development, the sub-projects has chosen this as a “roof top” issue for their transnational cooperation and will focus resources (finances, time, et cetera) on it.

The concept for the German sub-project “So\_WirtS!”<sup>15</sup> has been developed within a cooperation forum established to enhance the effectiveness of labour market initiatives by common planning and organisation of the economic and social system. In the cooperation forum the project “So\_WirtS!” detects development needs and arranges structures and processes in a suitable way for all relevant actors. The objective is to encourage both systems to communicate directly with each other. In the same way, “So\_WirtS!” connects the regional economic and social system. For “So\_WirtS!” it is important that both systems

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<sup>9</sup> For further information on the project AGIL-E, please refer to the following web site: “<https://equal.cec.eu.int/equal/jsp/tcaView.jsp?id=4194&ffTCAMajorVersion=1&ffTCAMinorVersion=0>”

<sup>10</sup> For further information, please refer to the website “<http://www.blended-learning-network.com>”.

<sup>11</sup> For further information, please refer to the website of Euroreso: “<http://www.euroreso.org>”.

<sup>12</sup> For further information on EWNE, please refer to the website: “<http://www.europe.or.at/ewne/>”.

<sup>13</sup> For further information, please refer to the website of BBJ: “<http://www.bbj.info>”.

<sup>14</sup> To affirm their decision to create this transnational partnership the partners chose a symbolic name: “AGIL-E”, which is a shortcut for the co-operation of Austria, Germany, Italy and Lithuania in Europe. Moreover the abbreviation reflects the hope to be able to move things and break frozen structures.

<sup>15</sup> For further information, please refer to the website of SoWirtS!: “<http://www.sowirts.de/>”.

approach one another in order to improve the situation for disadvantaged groups on the labour market through new and more efficient ways of cooperation. Concerning the transnational work the lessons learned from previous transnational projects are to foster partnership work more intensely than before and to strengthen the role of transnational cooperation. As the network's core interest is to improve the relations among organisations and individuals, the network has supported CCE in reflecting on and optimising our strategies of initiating and maintaining contact with enterprises, organisations and individuals.

In the year 2005 CCE started a formal cooperation with the *Technology Center* of Siegen and their "Bildungsvilla"<sup>16</sup> (English equivalent: "villa of education") in order to develop a common strategy of mutual participation in regional, national and transnational projects. Furthermore, the objective is to accompany the development of regional competencies and the promotion of regional competence clusters with appropriate education measures and activities. Currently, the partners are working on the vision of enlarging the network towards other regional authorities and bodies to a formal regional network in order to communicate the competencies of the region, to participate in national or transnational projects and offer consulting and further training services to regional companies. As a consequence, CCE will be embedded in a wide regional network of actors in the field of education, further training and employment. It will have the chance to intensify the collaboration with some of the members, to develop new project ideas, to expand, deepen and mainstream its current offer and, last but not least, to rise its attractiveness on the educational market.

In respect to non-formal networks CCE has many working relations with training institutions in all countries of the European Union and their associated countries. In a number of activities CCE is collaborating with regional, national or international institutions or bodies, some of the contacts being established by the networks, others amongst actors in informal, but long-lasting relations.

At transnational level CCE is currently in close collaboration with different partners in the region of Extremadura (Spain). For instance, CCE cooperates with the regional office of the Spanish trade union Union General Trabadores (UGT)<sup>17</sup>, the Foundation for the Development of Science and Technology FUNDECYT<sup>18</sup> in Extremadura, and the Extremaduran Association for the East-West Cooperation AECEO (Asociación Extremeña de Cooperación Este Oeste)<sup>19</sup>, a regional formal network which aims to connect the various actors of the region of Extremadura through seminars, projects and cooperation activities with East-European countries. There is a continuous information exchange between CCE and these partners, the common development of joint projects and mutual participation in conferences, seminars et cetera. The cooperation is non-formal and built on general trust. It has been developed as an outcome of the common activities of representatives of AECEO and CCE in the East-West-Network Europe (EWNE). EWNE aims to connect regional and/or thematic networks in East and West European countries, in order to enhance inter-sectoral and inter-regional information exchange, contacts and common projects between different networks. In this sense it can be described as a

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<sup>16</sup> For further information, please refer to the website of the Technologiezentrum Siegen: "<http://www.tzsi.de>".

<sup>17</sup> For further information, please refer to the website of UGT: "<http://www.ugtextremadura.org>".

<sup>18</sup> For further information, please refer to the following website: "<http://www.fundecyt.es>".

<sup>19</sup> For further information, please refer to the website of AECEO: "<http://www.aeceo.org>".

“network of networks”.<sup>20</sup> The benefit CCE gains from being a member of these networks is to detect and discuss similarities and differences between various European countries and regions and – on the basis of a wider horizon – to find innovative solutions for problems that may not have been found in a network with actors from one region or country only.

Another example of an informal on-going collaboration of CCE we would like to briefly describe is the working-relation to *IAL Piemonte*<sup>21</sup>, a training provider belonging to the Italian trade union organisation *Confederazione Italiana Sindacati dei Lavoratori (CISL)*<sup>22</sup> and to the *Instituto de Formación y Estudios Sociales (IFES)*, belonging to the Spanish trade union *UGT*. These partnerships were initially based on the partners’ cooperation in pilot projects supported by *Leonardo da Vinci II*, the action programme of the EU for innovations in vocational education and training. The partners decided to use their stable working relations and their mutual trust to develop follow-up activities. Due to the fact that all partners belong to trade union structures their joint activities ensure that the interests of workers and employees are respected and at the core of the partners’ endeavour.

The advantage of these kinds of on-going collaboration and networks is that they provide a lot of benefits in a flexible way and without the tasks and obligations that might be connected to the participation in formal networks (e.g. membership fee, other roles and tasks). The provision of information on the strategies and activities of the network members and the knowledge of each others’ working mentalities facilitates the constitution of new fruitful and solid partnerships. This contributes to the quality of the project and is advantageous from the initiation of the project onwards, giving substance to new project ideas and increasing the chances of finding wider acceptance of and funding opportunities for the project. However, there are also some risks connected with this kind of partnership because of the missing formal rules of interaction: there are no regulations about the joint involvement in strategies or project ideas, no rules about the division of roles in planned activities with a shared interest. The cooperation with other partners in the same field can provoke a competitive situation. Moreover, an informal network implies the risk of instability, which means that – even after a period of long-lasting good partnership – the relation can end immediately without a formal act of notification.

## 5 Lessons Learned and Future Perspectives

The advantages of the participation in a formal network in comparison to a non-formal cooperation are the existence of rules to access the network as well as of regulations about interaction, communication and participation processes. The members have the opportunity of regular information exchange, meetings and contacts and can participate jointly as a network in funding programmes which are not open to single organisations. Furthermore, the formal network can also overtake tasks like the dissemination of project results, the mainstreaming process of the innovative actions and it can promote the sustainability and usability of the results of the joint actions. However, as our experience with non-formal networks has shown, the participating organisations in such networks (or not yet formalised ones) might substantially benefit from their joint activities as well if their

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<sup>20</sup> In the beginning, EWNE was located in Vienna and currently moved to Brussels in order to take better advantage of its task to establish closer relations to other European institutions.

<sup>21</sup> For further information, please refer to the website of IAL Piemonte: “<http://www.ialpiemonte.it>”.

<sup>22</sup> For further information, please refer to the website of CISL: “<http://www.cisl.it/>”.

activity is based on a good working relationship, clearly visible and obvious advantages and if they jointly fulfil the current demands of the organisations' customers.

Sources of public funding within human resources development intend to improve the existing system of further training, work force development, employment and social policy. Therefore, more network approaches on regional as well as on European level are needed to allow inter-institutional and inter-regional learning processes and the constant development and roll-out of successful initiatives, concepts and ideas.

For these reasons, CCE is following a strategy of closer collaboration and networking with other regional, national and European organisation and institutions in the field of education and employment. From our point of view, the foundation of the labour market monitoring network is a step in the right direction and – as a large vocational training organisation with numerous training schools throughout Germany, with extensive international networking experience, with vocational training programmes tailored to the specific needs of the regions, with its collaborations with various labour market and labour market policy actors and institutions, CCE of bfw would like to join the network as an active member. We are sure that the membership will bring clear advantages to our every-day work and expect a fruitful exchange of experience and knowledge among the network members.

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## The European Network of Regional Labour Market Monitoring

Waldemar Mathejczyk

### 1 Introduction

Nowadays, a "networking approach" is well established in many fields. Though only few years ago it was found predominantly in social contexts, today it can be found also in economic areas, e.g. in business networks. Sometimes even a connection is postulated between societal trends and types of organisation. Schuh et al. (2005) claim, if the organisational form of a company shall be stable, it has to correspond to dominating trends and principles of society.<sup>1</sup> The building of networks is considered to be such a dominating trend of society. Even if one has objections against this thesis, it seems obvious that expectations towards positive effects, increase in value, or synergetic effects in connection with networks are very high. On the other hand, disappointing experiences with networks have led to a critical attitude.

In this contribution, a newly founded network in the field of Regional Labour Market Monitoring is introduced. Therefore, at first the general attributes of networks are named (section 2). Then we are going to answer the question which factors might promise success and development of a network. In this section, we will call on experiences with cooperating networks from other areas (section 3). Those experiences are basic in order to measure the level of development in the above mentioned network and to describe future demands (section 4). Finally, we will give a short summary (section 5).

### 2 General Characteristics of Networks

#### 2.1 Features

A systematic inspection of networks has to start from some basic notions. First there can be no doubt that there are many different definitions of networks. In general, networks are characterised as follows:<sup>2</sup>

- Networks are long term co-operations of at least three organisations.
- Inside a network, partners have equal rights (in a hierarchical sense).
- Interrelations between the partners are the basis of cooperation.
- A clear line can be drawn between other structures of organisation (for instance existing institutions).

On the other hand, it has to be pointed out that the term "network" is often used in similar meaning as the term "cooperation", though both can differ considerably. Thus a cooperation means deliberate teamwork of at least two partners. In cooperation the economic and legal independence of partners is maintained.

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<sup>1</sup> Please refer to: Schuh, G. / Friedli, T. / Kurr, M.A. (2005): Kooperationsmanagement. Systematische Vorbereitung – Gezielter Auf- und Ausbau – Entscheidende Erfolgsfaktoren. München / Wien. p. 14ff. (quotation translated from German original by the author of the chapter).

<sup>2</sup> Please refer to: Seiler, K. (2004): Interorganisationale Kooperationsnetzwerke im Anwendungsfeld 'Sicherheit und Gesundheit bei der Arbeit'. Schriftenreihe der Bundesanstalt für Arbeitsschutz und Arbeitsmedizin, Fb 1031. Dortmund / Berlin / Dresden. p. 20.

In this context, cooperation is defined as a functional teamwork in order to reach one or more common targets.<sup>3</sup> In connection with the present discussion, so called inter-organisational collaboration networks are in the focus of attention. This terminology puts the terms of “network” and “cooperation” on one level. From that point of view, the term expresses twofold what is in the centre of building networks.

Seen empirically, the activities of networks concern the following areas (see figure 1): exchange of information, innovations, projects, reaching consensus, and public relations / lobbyism.<sup>4</sup>

## 2.2 General Conditions

Moreover it is important that networks depend on outer conditions. Many factors influence networking in an interplay of several mutual processes. Relevant spheres of influence can be identified in the following levels of action (see figure 1):<sup>5</sup>

- *Spheres of influence concerning situations* refer to the communication of targets, of the balance of power, available resources, and temporal factors.
- *Spheres of influence concerning protagonists* comprise schemes of action, conditions of motivation, and personal variables.
- *Spheres of influence concerning environment* are financial guidelines for instance drawn by ministries, the general setup of target groups, legal connections of partners, or conflicts in the aims of different institutions.

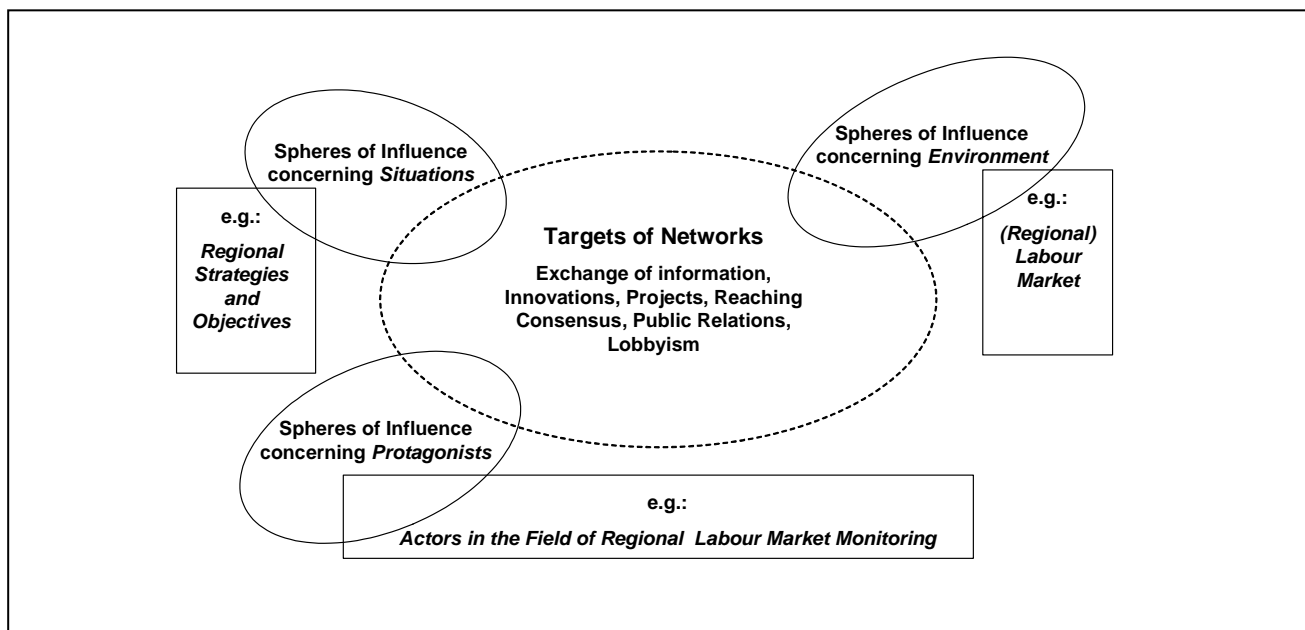


Figure 1: Factors that Influence Networking

<sup>3</sup> Please refer to: Picot, A. / Reichwald, R. / Wigand R.T. (1998): Die grenzenlose Unternehmung: Information, Organisation und Management. Lehrbuch zur Unternehmensführung im Informationszeitalter. 3. aktualisierte Auflage. Wiesbaden. p. 13.

<sup>4</sup> Please refer to: Seiler, K. (2004): *ibid.*, p. 69ff. – The German psychologist Kai Seiler carried out an empirical investigation about success factors of networks by evaluating a great number of networks in the field of “Safety and Health at Work” systematically.

<sup>5</sup> Please refer to: Seiler, K. (2004): *ibid.*, p. 89ff. (The terms are from the German original and translated by the author of the chapter).

## 2.3 Factors of Success

Typical factors of success in networking can be specified.<sup>6</sup> The following attributes facilitate building and development of a network:

- There is a hard core of active participants (so called activists and promoters) who sustain the network.
- The institution in charge has competent moderators at its command and remains neutral in a certain measure towards all networking members.
- Members perceive their participation in the network as a balanced relationship of “give” and “take”.
- There is an appropriate structure for communication.
- There are wise and meaningful rules for the structure of decisions.

The following attributes show negative influences in networking:<sup>7</sup> Lack of resources, size of network and bureaucratic decision-making structures, high expectations, passiveness of protagonists, lacking obligation in planning and influencing control from outside, e.g. from politics. These conditions seriously interfere with most kinds of project-related work. In what follows we will focus on the success factors.

## 3 European Network of Regional Labour Market Monitoring – Status Quo

Each formation of a network is characterised by those general conditions (as mentioned in section 2.2) and factors of success (2.3) within the following processes (see figure 2): (1) defining aims (based on the expectations of networking protagonists), (2) screening (connected with a choice of protagonists), (3) development of relations (for the purpose of closer familiarity), (4) structuring (concerning the distribution of tasks and the organisation of work), (5) actual, project-related work (including work steps referring to the aims of the network), (6) evaluation (assessing the developments in reaching the target).<sup>8</sup>

On this background it can be summarised: The European Network of Regional Labour Market Monitoring is after the first rough definition of targets on a stage of developing relationships and structuring. Processes of screening or selection do not play a role yet. Targets were further specified in the course of increasing action. Actual projects inside the network were not yet dealt with, except for one application on which a small group of members worked together.<sup>9</sup> Moreover, the anthology at hand was compiled.<sup>10</sup> An evaluation was not yet discussed in the network.

Concerning the current the state of affairs it can be added the different stages as follows, especially concerning definition of aims, development of relationships, structuring, and – additionally – fields of further interest.

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<sup>6</sup> Please refer to: Seiler, K. (2004): *ibid.*, p. 84f.

<sup>7</sup> Please refer to: Seiler, K. (2004): *ibid.*, p. 85f.

<sup>8</sup> Please refer to: Seiler, K. (2004): *ibid.*, p. 73ff. (The terms are from the German original and translated by the author of the chapter).

<sup>9</sup> A proposal for the call on ‘Mutual Learning’ within the framework of the European Employment Strategy, was submitted by the Hessian Ministry of Social Affairs. The subject of the application is related to processes of mutual learning within the network.

<sup>10</sup> Most of the speakers of the first meeting and some additional authors wrote articles. The objective of the book is to reinforce the discussion and support efforts to establish the network.

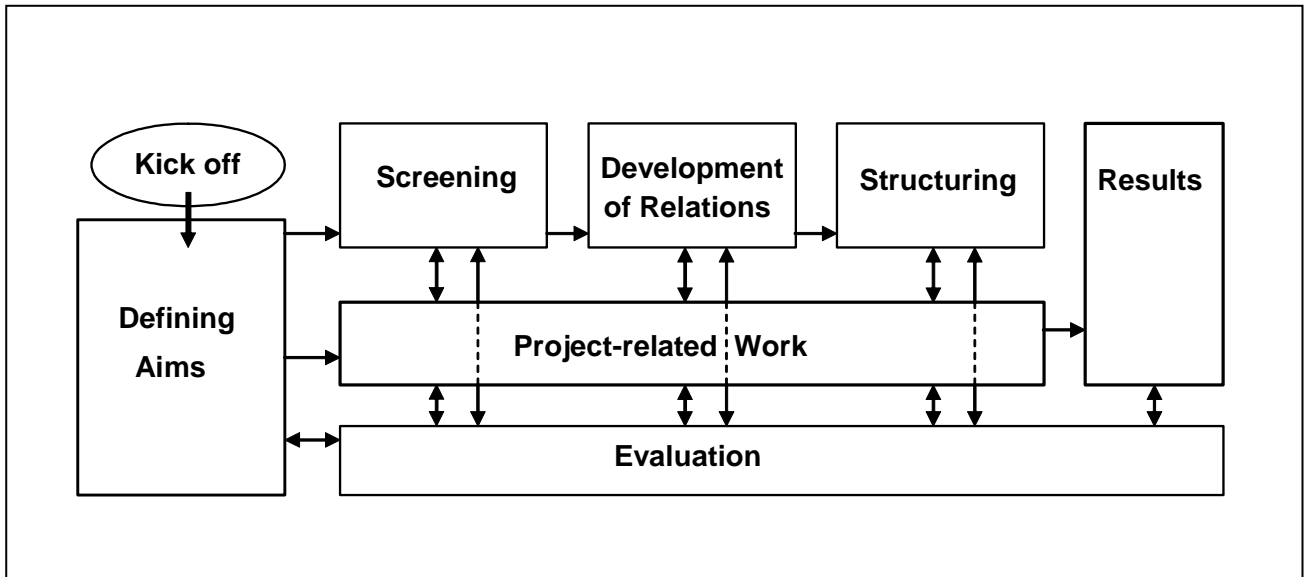


Figure 2: Fundamental Processes of Networking (referring to Seiler 2004 – modified by the author of the chapter)

### 3.1 Definition of Aims

The aims of the European network of Regional Labour Marketing were written down in a description after the first international meeting. From the beginning, the network was considered to fulfil three major functions:

- At first, it provides a space for the *exchange of experiences* of actors with different backgrounds in the field of Regional Labour Market Monitoring.
- Secondly, it supports the *further development of methods and concepts* by bringing scientists from different countries together.
- Thirdly, *European standards* in theory, methods, data generation and processing, and the spread of information can be developed.

The activities to achieve these objectives<sup>11</sup> can lead to international cooperation, ease cross-national comparison on the one hand and set on the other hand the framework of a common European concept for conducting Regional Labour Market Monitoring.<sup>12</sup> Though there is no clear-cut time structure, at the end of this network results are expected.

<sup>11</sup> These aims were further specified in the first months. A survey based on results from a short questionnaire pointed out following objectives of the network: "Establishing a permanent exchange; finding partners for exchange of experiences and development of common projects; creating synergies among single projects; effective dissemination of methods, information, concepts and experiences; exchange between different approaches (theoretical, practical, academic, non-academic) of Regional Labour Market Monitoring; raise the profile of Regional Labour Market Monitoring, and developing a European concept of Regional Labour Market Monitoring."

<sup>12</sup> Some basic features could be already identified as a first starting point for the development of a "European concept". For further information please refer to: Institute for Economics, Labour und Culture (2006): Monitoring of Regional Labour Markets in Europe, Documentation of the Meeting on 18<sup>th</sup> of September 2006 in Brussels, at the Committee of the Regions. Frankfurt am Main.

### 3.2 *Development of Relationships*

The development of relations among participating protagonists goes ahead slowly. With more than 120 persons from 80 different institutions (science, labour administration, consulting branch) the network is a large group consisting of representatives from different European regions. The link connecting them is the common topic "Monitoring of Regional Labour Markets".

Regarding the membership of the network, different degrees of involvement are possible: Active network members are those who take responsibility of certain tasks within the network but there is also the option to be associated to the network and to receive the results which will be generated within the network.

For communication among members, mailing-lists were prepared. Each member of the network is able to contact each other member straight away. Moreover, there is an internet platform which is intended to be a kind of knowledge base of the network. It contains information on the regional monitoring activities in each European country, obtains contacts, and allows short term and selective exchange.<sup>13</sup>

All members represent the network in public. A common appearance is still to be found. The network coordinator has the task to guarantee structures for communication and to coordinate contacts of potential sponsors, multipliers, or conveyors on national and international level.<sup>14</sup>

### 3.3 *Structuring*

The targets of the network will be achieved through various activities. Some decisions on the organisational structure of the network were made.<sup>15</sup> Subject-specific small working groups and larger annual conferences are considered as basic elements of the network (see figure 3).

The working groups are coordinated by a speaker. The annual conferences are organised by changing network members (rotation principle). The working groups help to deepen the knowledge on specific topics of Regional Labour Market Monitoring, whereas the annual conferences provide an overview on the activities in the field of Regional Labour Market Monitoring in Europe. The first meeting which was a conference in Frankfurt (Germany) showed that an exchange among the approaches from different projects could be created. The second meeting organised as a workshop in Brussels (Belgium) got the discussion started on four main topics of Regional Labour Market Monitoring.

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<sup>13</sup> The company 'translake GmbH' from the International Lake Constance Area in Germany built up an internet platform for exchange within the network. It was launched at "<http://www.lmm.translake.org>".

<sup>14</sup> The network presented itself to the EU-Directorate "Employment, Social Affairs and Equal Opportunities" as well as to the "Committee of Regions". Both institutions have considerable interest in the work of the network itself and especially in the results which will be generated from working groups and annual conferences. The workshop in Brussels, for instance, was supported by the "Committee of the Regions".

<sup>15</sup> The first meeting was an international conference in Frankfurt on 8<sup>th</sup> and 9<sup>th</sup> of March 2006. Around 80 participants from 16 different European countries discussed specific approaches of Regional Labour Market Monitoring in individual countries. The second meeting of the whole network was on 18<sup>th</sup> of September 2006 in Brussels at the Committee of the Regions with around 30 participants from 15 different European countries. At the second meeting of the network it was agreed upon that the third annual meeting should take place in Rome / Italy.

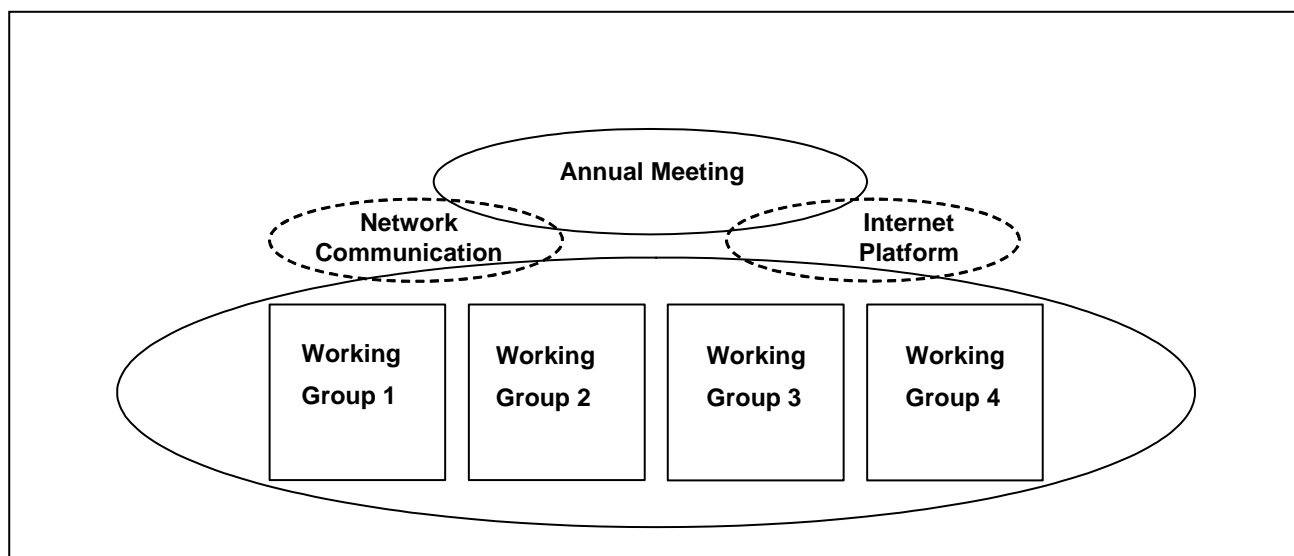


Figure 3: Present Structure of the European Network

### 3.4 Fields of Interest

At the first meeting of the network it was agreed upon that the conceptual work of the network members should take part in small working groups. Meanwhile, there are four central topics to start with:

- Regional forecasting in Regional Labour Market Monitoring;
- Standardisation of concepts and data for Regional Labour Market Monitoring;
- Communication of information to the users of Regional Labour Market Monitoring, and
- Specific target groups in Regional Labour Market Monitoring.

These topics are considered to be fields of interest for further discussion in the network:

The first field of interest is about *specific concepts and methods of regional forecasting* that are used in the context of Regional Labour Market Monitoring. The background is that several institutions work with different approaches. Therefore it seemed to be worthwhile to have a look at current projects, to point out their specific approaches, and to discuss the strong and the weak points in order to learn from each other. On that basis an exchange of experiences and moreover an analysing of trends in the field of forecasting will be possible. The focus probably will be on statistical methods, but qualitative approaches should not be excluded.

A second field deals with the topic of *standardisation* of Regional Labour Market Monitoring in the European context. The starting point is the observation that existing systems show a high diversity concerning objectives and instruments, theories and concepts, organisational structures (e.g. of the actors participating within a region), and problems of the labour market. The objective will be to identify common elements, similar patterns of structures, and trends of convergence. Crucial points are the standardisation of *data* (e.g. concerning the questions: what kind of data are used, and how are they generated?) and are the standardisation of *instruments* (referring to questions like: what kind of instruments are used, and are instruments used adequately?).

A further field is concerning aspects of communication in the context of Regional Labour Market Monitoring. The focus is on the *spreading and dissemination of information* generated in Regional Labour Market Monitoring systems to the users (politicians, experts in administration; institutions of vocational and educational training; employers, employees; unemployed) – especially to those who have to transform results of labour market monitoring in to (political) action. Moreover the role of information technology (regarding application and implementation) will be discussed.

At present, the topic of particular *target groups of labour market* and the relevance for Regional Labour Market Monitoring systems seems to be very interesting. Some targets groups (especially older employees, young persons) are obviously a problem for labour market policy. Therefore they become more and more an important role in the context of monitoring systems too. The following questions should be answered: Can Regional Labour Market Monitoring develop or improve specific concepts and instruments to observe particular groups at the labour market? Can Regional Labour Market Monitoring generate relevant information concerning these groups?

#### 4 Future Demands

Structuring the network up to this point of time consisted of several strategic decisions and numerous organisational tasks. One of the strategic decisions was to choose the circle of experts who should be addressed. Organisational tasks concerned mainly in building communicational structures (i.e. internet-platform<sup>16</sup>, contact-centre<sup>17</sup>). Future demands will concern contents and concepts above all. Those refer to the following aspects:

*Increasing knowledge:* As mentioned before, the general aims of the network are exchange of experiences, further development of methods and concepts, and development of European standards. Therefore, the discussion of involved experts should be considered as the capital of the network. It is advisable to develop actual questions (e.g. those of the working groups) to deepen the discussion starting from topics collected up to now in order to work out an increase of knowledge that surpasses the usual exchange of experiences of single conferences and is of benefit for everyone concerned.

*Considering regionalism:* Regional Labour Market Monitoring contains many different terms which seem to stand for the same thing. For example: What features does the term “region” conclude actually? What are pre-assumptions for the understanding of the term “labour market”? The discussion about those questions should serve to improve a mutual understanding and offer a basis for a further development of approaches. Therefore, it seems necessary to view those terms in their regional context and to consider differences on the background of their regional history of origins.

*Considering bigger social trends:* It seems sensible to consider social trends which influence aims and instruments of Regional Labour Market Monitoring. This comprises topics like the “end of a regular employment relationship”, “precarious employment fields”, “demographic change”, “young persons lacking professional chances”, “reduction of social security systems”, and more. These actual developments include suggestions which topics should be worked on in the future.

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<sup>16</sup> Please refer to: “<http://www.lmm.translake.org>”.

<sup>17</sup> The office of the network is located at the Institute for Economics, Labour and Culture (IWAK) in Frankfurt am Main (Germany).

*Sharpening the profile:* In the area “labour market and employment” exist already several networks.<sup>18</sup> Therefore it is advisable to position the new network with a specific target as against already existing networks. That should be possible by means of an independent profile and by building connections to actual programmes and strategies for labour and employment (e.g. to the *Lisbon Strategy for Growth and Jobs*).<sup>19</sup>

Finally, one organisational point should be stressed: Generally, the *evaluation* of projects and programmes has found a higher priority. More and more the output is considered, while in times before the investments were of highest importance.<sup>20</sup> Concepts on this fact – and this can be said about Germany – are still in their beginnings.<sup>21</sup> Pointedly spoken: If a network intends a surplus (or an innovation), it should in the first place offer good results which are of benefit for the members; and for this purpose it is helpful to carry out a systematic evaluation.

## 5 Conclusion

Generally, the formation of a network is an open ended process. A network may run over years if its aim turns out to be a long lasting task. It might dissolve if the aim is reached or turns out as unrealisable. Moreover, the number of members or even the aims of the network are subjects to change.

At present, the introduced network could be resumed as follows: There is a hard core of active members who carry the network and realise common goals. There is an institution in charge that accepts the coordinating function as well as single tasks are performed by different partners. The network disposes of a functional structure for communication which granted in the beginning that many relevant institutions perceived the network.

The future of the network is open to different developments. Networks show numerous strains in relationships, e.g. autonomy vs. interdependence, confidence vs. control, or cooperation vs. competition. To reach the objectives of the network the next steps are to be seen in the creation of reliable relationships, because the members of the network could consider each other as competitors in the same market (e.g. at EU level). Competition is felt mainly when members apply for the same support programmes. The fact that business activities have above all a regional tendency, is advantageous. The perspective to act together on a European level includes chance and challenge at the same time.

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<sup>18</sup> Some of these networks are mentioned here: EURES (European Employment Service), “<http://ec.europa.eu/eures>”; the EEO networks (European Employment Observatory), “<http://www.eu-employment-observatory.net>”; and IDELE (Identification, Dissemination and Exchange of good practice in Local Employment development), “<http://www.ecotec.com/idele>”; EQUAL, see: “<http://www.equal.de>” (for Germany), or EUREGIO, see (for Germany): “<http://www.euregio.de>”.

<sup>19</sup> Please refer to: “[http://ec.europa.eu/growthandjobs/annual-report\\_en.htm](http://ec.europa.eu/growthandjobs/annual-report_en.htm)”.

<sup>20</sup> Kaewnetara, E. / Uske, H. (2003): Kann Evaluation einen Beitrag zur Förderung von Innovationen in Netzwerken leisten? Das Beispiel zweier Entwicklungspartnerschaften. In: Potter, P. / Klemisch, H. (Hrsg.): Evaluationsansätze in Kooperationsvorhaben. Beispiele aus der Praxis von Entwicklungspartnerschaften. KNI Papers 01/03. Köln.

<sup>21</sup> For instance, the 9th annual conference of the society for evaluation (Gesellschaft für Evaluation - DeGEval), 27<sup>th</sup> - 29<sup>th</sup> of September 2006, in Lüneburg (Germany) dealt with the evaluation of networks („Netzwerk Evaluation – Evaluation von Netzwerken“).



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## 6 Outlook

### Perspectives of Regional Labour Market Monitoring in European States

*Alfons Schmid / Christa Larsen / Waldemar Mathejczyk*

With this anthology, we offer an initial overview of the methods, ideas, and projects that we are aware of for Regional Labour Market Monitoring in Europe. This overview clearly displays the diversity that characterises Regional Labour Market Monitoring in the European countries represented here. We have structured the contributed essays to emphasise three features. The first portion discusses methods with total coverage of all the regions in a country. The second portion of the anthology contains concepts and projects that were developed for specific regions of a country. A third structural dimension concerns the orientation of monitoring projects towards various target groups significant for labour market politics. A glance over the essays grouped under any one of the three categories – nation-wide, regional, and target group oriented – makes clear that there is a great deal of variation of methods and orientation even within categories.

The existing diversity of Regional Labour Market Monitoring in European Union countries is clearly reflected in the definition of key concepts and in conceptional elements and forms of institutional involvement in these projects and approaches. On the conceptual level, there is no trans-national interpretation as to what is to be subsumed under the concept of monitoring, region, or labour market. The spectrum stretches from continuous observation of an overall regional labour market, all the way to implementation of studies over individual target groups significant for labour market politics. The definition of 'regional' takes similarly diverse forms. The spatial unit can be anywhere from the community level up to the federal state level. There appears, however, to be a consensus that the regional units must be below the level of a European nation. The wide range of regional units leads to projects that are very differently structured with regard to, for instance, the user groups to be taken into account. The labour market focus ranges from regional labour market politics to specific groups of the labour market.

The conceptional elements of the projects mentioned in this anthology are just as multifarious. This shows itself clearly, for example, in the fact that a few projects make explicit reference to user groups defined by regional labour market politics, whereas others concentrate on political actors in the labour market who should be provided with information. A range of projects pursues an orientation to both aspects. Another element of diversity is the preparation and transmission of monitoring information to the users. Here the spectrum stretches from the production of data assemblies that are made available for any interested party, all the way to individual counselling for labour market actors and those in labour market politics. The projects' topic profiles are just as diverse. They vary from information about training and qualification as well as specialised personnel to descriptions of individual sectors or key sectors. Some projects, as already mentioned above, make reference to target groups significant for labour market politics such as migrants, adolescents in transition to professional life, elderly employees, women et cetera. Most current data – in a few projects so far also prognostic information – are generated with regard to the various topics. Apart from their own surveys, the projects make use of data from official statistics or process data from employment and social administrations. The survey and analytic instruments used are also accordingly diverse.

Differences in conception exist also in institutional involvement and as a result in the accompanying legal and financial framework conditions, which affect the way the projects are carried out and, above all, the stability and permanence of monitoring. Projects carried out within the employment administration, for example, exhibit a high level of stability over time thanks to a stable legal and financial framework. The development of many projects that are established only in individual regions of a European state, by contrast, is heavily dependent on the availability of financial resources. Under such framework conditions, it is far more difficult to arrange a permanent monitoring.

Labour markets in the regions differ not only within a country, but to a even greater extent from one European country to another. These differences may be a fundamental reason for the diverse monitoring concepts that exist in the European regions. The essays on political labour market monitoring with national coverage show that there are apparently also cross-regionally shared aspects for actors who plan and implement the projects. These aspects include, on the one hand, those topic areas in which there is a need for further development or consolidation, and, on the other hand, the possibilities for international networking. How to bring together the shared aspects and the flexible regional variations is, it seems to us, a challenge for a European Regional Labour Market Monitoring.

This assessment clearly emerges from the discussions in the conference on Regional Labour Market Monitoring in Europe in March 2006 in Frankfurt am Main as well as from the essays in this anthology. There seems to be, above all, a need for further developing the cross-regional aspects. Many actors, for example, would like to see standardisation, particularly in the area of data as well as survey and analytical instruments. Standardisation would enable, among other things, transnational comparisons as well as comparisons between regions within a nation. This is not possible at the moment, given the current diversity of data structures and instruments. Moreover, this topic is becoming increasingly important with expanding cross-border labour migration. We see here an important area for action for Regional Labour Market Monitoring.

A second shared topic group includes the transmission and communication of the data generated and analysed, the connection between the information and the communication functions of monitoring. The necessity of communicating information is emphasised in various essays of this anthology. So far, there has been, however, little operating experience for developing this communication function within the monitoring process. We find a need for further development on the theoretical and conceptual level, for investigation and evaluation of the deployment of technical instruments, and for wide ranging discussions about possibilities of implementation and trial.

A third topic group concerns a Regional Labour Market Monitoring of individual target groups significant for labour market politics. This orientation requires precise knowledge of the concepts, data, instruments, and means of communication required by target group monitoring.

A fourth common topical interest can be found in the description of ongoing labour market situation as no longer sufficient. The need to anticipate future developments becomes evident. As in this anthology, there are isolated methodological and empirical insights, which need further developments, especially regarding adaptation to (small) regional units.

These topics, which have received only brief mention here, show that a specification and unification of the concept of a region is necessary. This unification concerns the spatial dimension, the areas of labour market and labour market politics involved, and above all the monitoring. In regard to monitoring, a substantive specification seems to emerge to the effect that monitoring, if it is to enable its users to attain adequate knowledge for effectively dealing with their problems, must include information and communication functions. Through these functions, the functionality of regional labour markets will be improved and the effectiveness of regional labour market politics enhanced.

In order to advance Regional Labour Market Monitoring in Europe, we believe there needs to be more academic input and reflection on this concept. This input concerns, for example, the level of instruments such as regional forecasting. It also concerns the role and the importance of monitoring as an intermediary. Greater incorporation of academic insights from the information economy also contributes to a better specification of the monitoring concept. This specification forms an important basis for a European concept for a Regional Labour Market Monitoring.

The topics briefly presented here, which constitute the shared basis of European monitoring projects, are taken up in the working groups of the European network for Regional Labour Market Monitoring and continue to be brought forward there.

Apart from the interest in conceptual topics in connection with European monitoring projects, there is a clear need, articulated by the actors in the projects, for more exchange and systematic networking. The interest is primarily in an international exchange among actors who are involved in topically comparable projects. Aside from the technical exchange, general networking serves to locate the topics in the political arena, especially if it is institutionalised in a European network such as described in this anthology. In this case, the network helps to sharpen the importance of Regional Labour Market Monitoring, both within individual states as well as at a European level. This is in the interest of the actors, because the continuing existence of their own projects and initiatives are closely linked to it.

Stemming from the discussion here, an action program emerges that supports various horizontal and vertical cooperation relations for a European network for Regional Labour Market Monitoring in the coming years. Such a programme includes, among other things:

- Strengthening the connections between the European regions and EU institutions at the level of labour market politics,
- Establishing and intensifying the exchange of experiences about Regional Labour Market Monitoring among the European regions,
- Initiating mutual learning between regional and nation-wide monitoring programmes,
- Improving the exchange between actors in the area of Regional Labour Market Monitoring and relevant EU bodies, and
- Establishing an interdisciplinary academic discourse about Regional Labour Market Monitoring.

This anthology represents a beginning for various horizontal and vertical co-operations in Regional Labour Market Monitoring in Europe. Another building block that will advance this cooperation forward is the EU project for mutual learning within the Regional Labour Market Monitoring network<sup>1</sup>. This project will support the establishment of new co-operative relationship and the strengthening of existing co-operative relationships. Now if one manages to initiate and establish on-going horizontal and vertical co-operations, the importance of regional labour market in Europe will be assured in the future.

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<sup>1</sup> A proposal for the call on 'Mutual Learning' within the framework of the European Employment Strategy was submitted by the Hessian Ministry of Social Affairs (in Germany). The subject of the application is related to the process of mutual learning within the European Network for Regional Labour Market Monitoring. The title of the project is 'Development of a target group monitoring for the support of the integration of migrants in employment by mutual learning in the context of a European network for the furthering of the Regional Labour Market Monitoring'. Institutions from the Netherlands, Austria, and the Czech Republic, and Germany are involved.

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## Abstract

Christa Larsen / Waldemar Mathejczyk / Alfons Schmid (Editors) (2007): *Monitoring of Regional Labour Markets in European States. Concepts – Experiences – Perspectives*. Rainer Hampp Verlag. München und Mering. Germany.

Regional factors are important for the economy and employment in highly competitive, international markets. As a precondition for the functioning of regional labour markets, adequate information has to be generated and transformed into new knowledge. Regional Labour Market Monitoring can be seen as an approach to meet these requirements.

A variety of projects in this area have been implemented in several European countries. Their common purpose is to develop and adopt sets of indicators to measure the current regional labour market and to provide information over its development into the future. Both the regional labour force and business enjoy the benefits from this activity.

This anthology gives an idea of the diversity of European approaches to monitoring of regional labour markets. It illustrates the different concepts and instruments representing the region in which they are used. These concepts and instruments are related to approaches which are used in other European regions in similar ways but with different stress or modified methods.

The composition of the book is divided into three sections: (i) The first part contains various examples of projects in the field of Regional Labour Market Monitoring. It includes two chapters, whereas in one chapter projects of a nationwide monitoring and in the next chapter samples for regional approaches are presented. (ii) The second part of the book points out some topics which are relevant for the further development of Regional Labour Market Monitoring, and (iii) the third part is related to what meaning networks have for the development of Regional Labour Market Monitoring. The book is concluded with some future perspectives.

In order to advance Regional Labour Market Monitoring in Europe, the editors argue there needs to be more academic input and reflection on this concept. Apart from the interest in conceptual topics in connection with European monitoring projects, there is a clear need, articulated by the actors in the projects, for more exchange and systematic networking.

**Key words:** Labour Market – Monitoring – Regional Economy – Information

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